

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2018-19

OFFICE OF THE GOVERNOR

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:
KEVIN NEIMOND, JBC STAFF
NOVEMBER 16, 2017

JOINT BUDGET COMMITTEE STAFF
200 E. 14TH AVENUE, 3RD FLOOR • DENVER • COLORADO • 80203
TELEPHONE: (303) 866-2061 • TDD: (303) 866-3472

CONTENTS

Department Overview	1
Department Budget: Recent Appropriations.....	2
Department Budget: Graphic Overview	3
General Factors Driving the Budget.....	5
Summary: FY 2017-18 Appropriation & FY 2018-19 Request	13

ISSUES

THE FIRSTNET DECISION	20
PUBLIC SAFETY RADIO COVERAGE GAPS	27
FUNDING THE COLORADO ENERGY OFFICE	31
CAPITAL CONSTRUCTION INFORMATION TECHNOLOGY PROJECTS FUNDING REQUESTS	36

APPENDICES

A. Numbers Pages.....	42
B. Recent Legislation Affecting Department Budget	64
C. Update on Long Bill Footnotes and Requests for Information.....	68
D. Department Annual Performance Report	79
E. House Bill 14-1203 (Funding For Digital Trunked Radio Sys Maintenance) Accountability Report	80
F. Economic Development Film Incentives	96
G. HRWorks / HRIS Letter to the Joint Technology Committee.....	98

OFFICE OF THE GOVERNOR

DEPARTMENT OVERVIEW

This Joint Budget Committee staff budget briefing document includes the following offices and agencies within the Office of the Governor:

- The **Office of the Governor (division)** oversees operation of the executive branch of State government including coordination, direction, and planning of agency operations. The Office represents the State, and serves as a liaison with local and federal governments. Includes the core functions of a traditional executive director's office and the Colorado Energy Office.
- The **Office of the Lieutenant Governor** directly oversees the Colorado Commission of Indian Affairs, Commission on Community Service, and other initiatives. The Lieutenant Governor temporarily takes the Governor's place if the Governor is out of Colorado or is unable to perform his/her duties.
- The **Office of State Planning and Budgeting (OSPB)** develops executive branch budget requests, reviews and analyzes departmental expenditures, and prepares quarterly revenue and economic estimates for the state. Additionally, the Office implements the Results First initiative, a cost benefit analysis model initially developed by the Washington State Institute for Public Policy, and now supported by the Pew Charitable Trusts and the MacArthur Foundation, that aims to determine the monetary value of State policies and programs.
- The **Office of Economic Development and International Trade (OEDIT)** assists in strengthening Colorado's prospects for long-term economic growth by providing broad-based support to businesses. The Office's support services include business funding and incentives, promotion of creative industries, international trade assistance, tourism promotion, minority business assistance, key industry promotion (including advanced industries, aerospace, and health and wellness), and film, television, and media industry development.
- The **Governor's Office of Information Technology (OIT)** is responsible for the operation and delivery of all information and communications technology services across state executive branch agencies. The Office is tasked with providing information technology services, as well as promoting Colorado as the ideal location for information technology companies and technology-based workers.

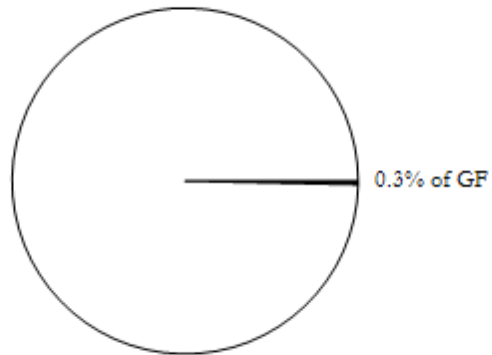
DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19 *
General Fund	\$41,871,028	\$35,966,004	\$35,324,665	\$41,138,275
Cash Funds	42,239,163	44,733,104	47,400,500	47,346,431
Reappropriated Funds	181,708,763	220,765,787	246,477,893	251,965,184
Federal Funds	6,492,609	6,511,867	6,455,720	6,767,275
TOTAL FUNDS	\$272,311,563	\$307,976,762	\$335,658,778	\$347,217,165
Full Time Equiv. Staff	1,088.7	1,090.0	1,091.2	1,109.7

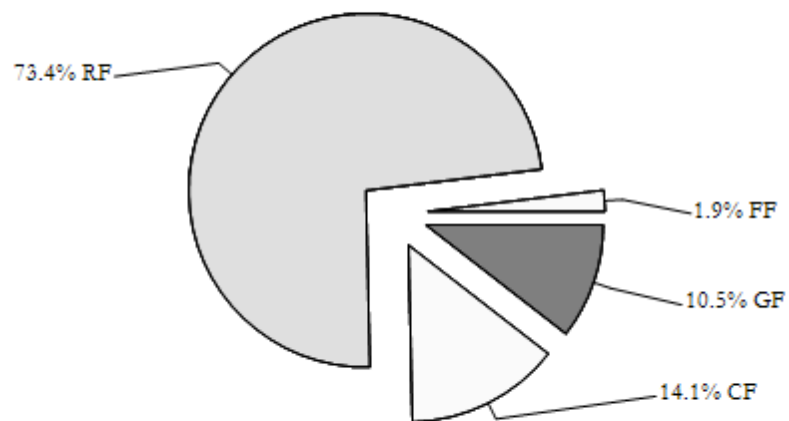
*Requested appropriation.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

**Department's Share of Statewide
General Fund**

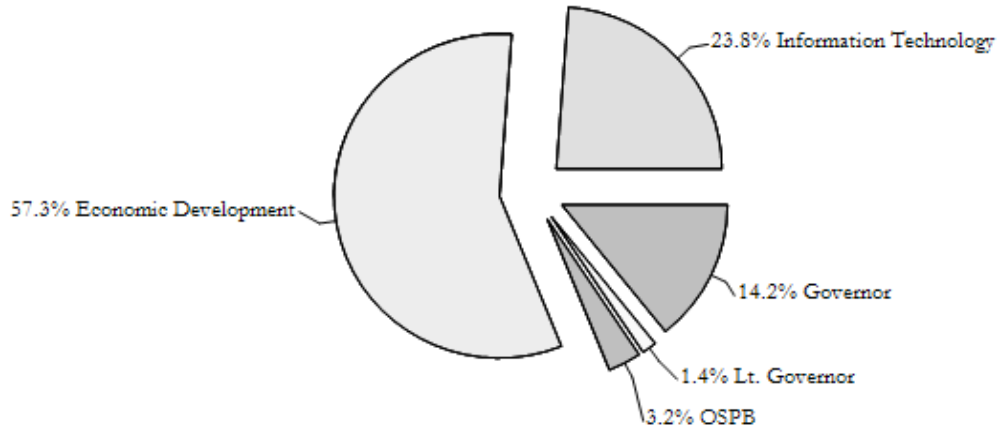


Department Funding Sources

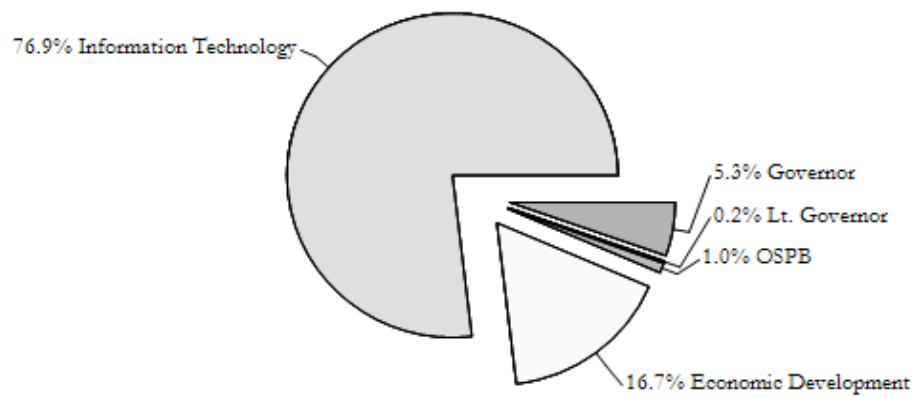


All charts are based on the FY 2017-18 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2017-18 appropriation.

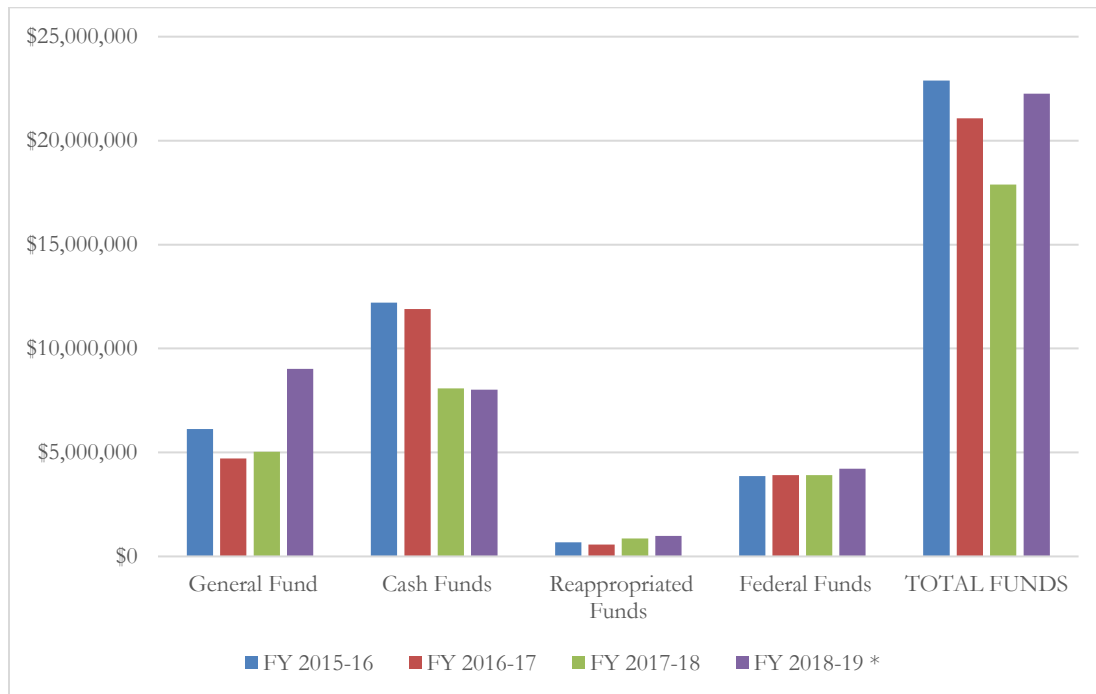
GENERAL FACTORS DRIVING THE BUDGET

Funding for this department consists of 10.5 percent General Fund, 14.1 percent cash funds, 73.4 percent reappropriated funds, and 1.9 percent federal funds for FY 2017-18. The major factors driving the Department's budget are discussed below for each subunit.

OFFICE OF THE GOVERNOR (DIVISION)

FUNDING SOURCE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19 *
General Fund	\$6,124,354	\$4,703,539	\$5,030,265	\$9,027,746
Cash Funds	12,205,245	11,898,892	8,076,329	8,023,620
Reappropriated Funds	684,171	563,706	870,409	986,472
Federal Funds	3,868,011	3,908,145	3,913,382	4,224,937
TOTAL FUNDS	\$22,881,781	\$21,074,282	\$17,890,385	\$22,262,775
Full Time Equiv. Staff	67.1	65.7	40.7	57.2

*Requested appropriation.



*Requested appropriation.

CENTRALLY APPROPRIATED LINE ITEMS

The budget for the Office of the Governor (division) is driven by the centrally appropriated line items (e.g. health, life, and dental insurance coverage, short-term disability payments, and payments to PERA) supporting over 150 staff within several agencies of the department. The amount of funding provided is determined by common policies adopted by the General Assembly. Prior to FY 2015-16, the appropriations for centrally appropriated line items included moneys to support the employees of the Governor's Office of Information Technology. Beginning in FY 2015-16, appropriations supporting this purpose were moved to the Governor's Office of Information Technology division.

This resulted in a decrease of \$23.4 million reappropriated funds in this division and an increase of a like amount in the Governor's Office of Information Technology division.

COLORADO ENERGY OFFICE

The Colorado Energy Office (CEO) has historically been funded with federal money associated with weatherization projects and petroleum violation escrow funds (PVE) awarded to the state beginning in the early 1980s. PVE is a fixed source of funding, with a total allocation to Colorado of \$70.5 million. In preparation for the depletion of PVE funds, CEO migrated funding for its programs to alternative sources, such as limited gaming tax revenue, which were later eliminated due to the influx of federal money from the American Recovery and Reinvestment Act of 2009 (ARRA).

To address the future of the Office, H.B. 12-1315 (Reorganization Of Governor's Energy Office) changed the statutory mission of CEO from promoting renewable energy and energy efficiency to encouraging all sources of energy development and created two dedicated funding streams to support the Office (Clean and Renewable Energy Cash Fund and the Innovative Energy Fund). For FY 2016-17, the budget for CEO is steered by transfers of money from severance tax revenue and the General Fund into numerous cash funds, per statute. The primary transfers that fund the operations of the agency are as follows:

COLORADO ENERGY OFFICE CASH FUND TRANSFERS			
CASH FUND	SOURCE	AMOUNT	FINAL STATUTORY TRANSFER
Weatherization Low-Income Energy Assistance Fund	Severance Tax, Tier 2	*\$6,500,000	July 1, 2023
Energy Outreach Low-Income Energy Assistance Fund	Severance Tax, Tier 2	*3,250,000	July 1, 2023
Clean and Renewable Energy Fund	General Fund	1,600,000	July 1, 2016
Innovative Energy Fund	Severance Tax, Off-the-top	1,500,000	July 1, 2016
Public School Energy Efficiency Fund	Severance Tax, Interest	210,000	September 1, 2015

*This transfer may fluctuate based on the amount of severance taxes collected by the state.

The General Assembly did not reauthorize the transfer of money into the Clean and Renewable Energy Fund and the Innovative Energy Fund during the 2017 legislative session. Thus, for FY 2017-18, funding for the Office decreased by \$3.1 million compared to the prior fiscal year. For FY 2018-19, the Office requests \$3.1 million General Fund and 16.5 FTE to fund its operations. *For more information on this request, see staff's briefing issue in this document entitled "Funding the Colorado Energy Office."*

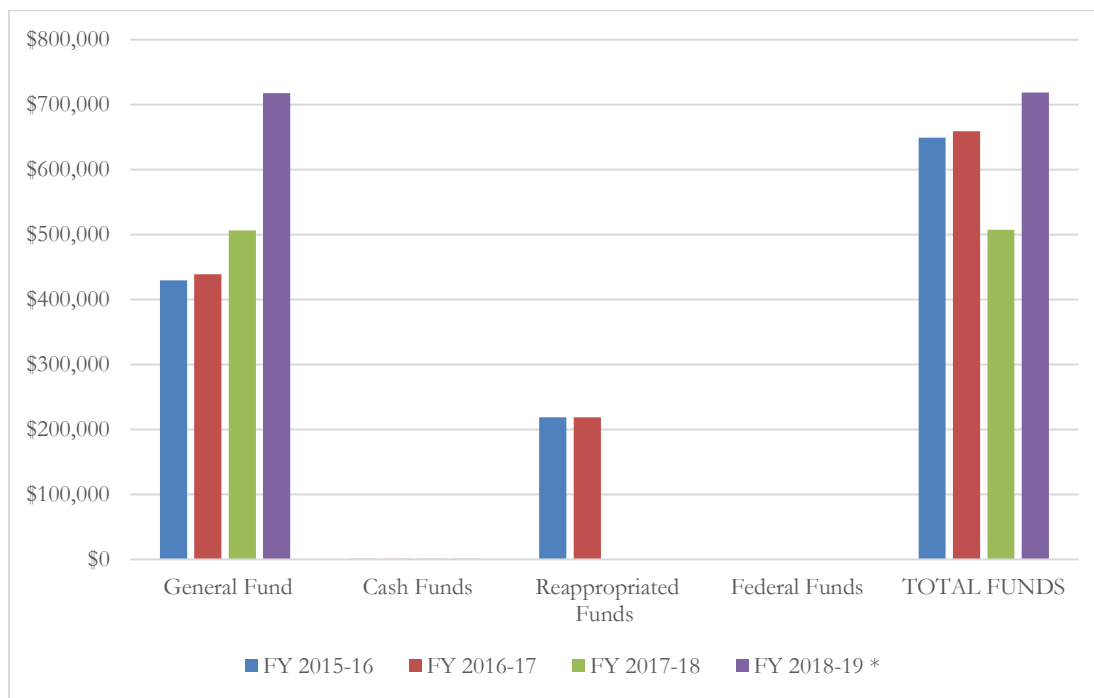
OFFICE OF MARIJUANA POLICY COORDINATION

The Office of Marijuana Policy Coordination is housed within the Office of the Governor (division). The unit received an appropriation of \$191,590 and 2.0 FTE for FY 2016-17 from the Marijuana Tax Cash Fund. Money in the Fund is generated from taxes collected from the sale of recreational and medicinal marijuana. The FY 2017-18 Long Bill (S.B. 17-254), in conjunction with H.B. 17-1295 (Repeal Governor's Office Of Marijuana Coordination), repeals the Office of Marijuana Coordination and transfers \$97,199 cash funds from the Marijuana Tax Cash Fund and 1.0 FTE to the Office of the Governor for long-term cross-agency coordination.

OFFICE OF THE LIEUTENANT GOVERNOR

FUNDING SOURCE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19 *
General Fund	\$429,386	\$439,027	\$506,117	\$717,425
Cash Funds	1,184	1,184	1,184	1,184
Reappropriated Funds	218,825	218,825	0	0
Federal Funds	0	0	0	0
TOTAL FUNDS	\$649,395	\$659,036	\$507,301	\$718,609
Full Time Equiv. Staff	6.0	6.0	5.9	6.9

*Requested appropriation.



*Requested appropriation.

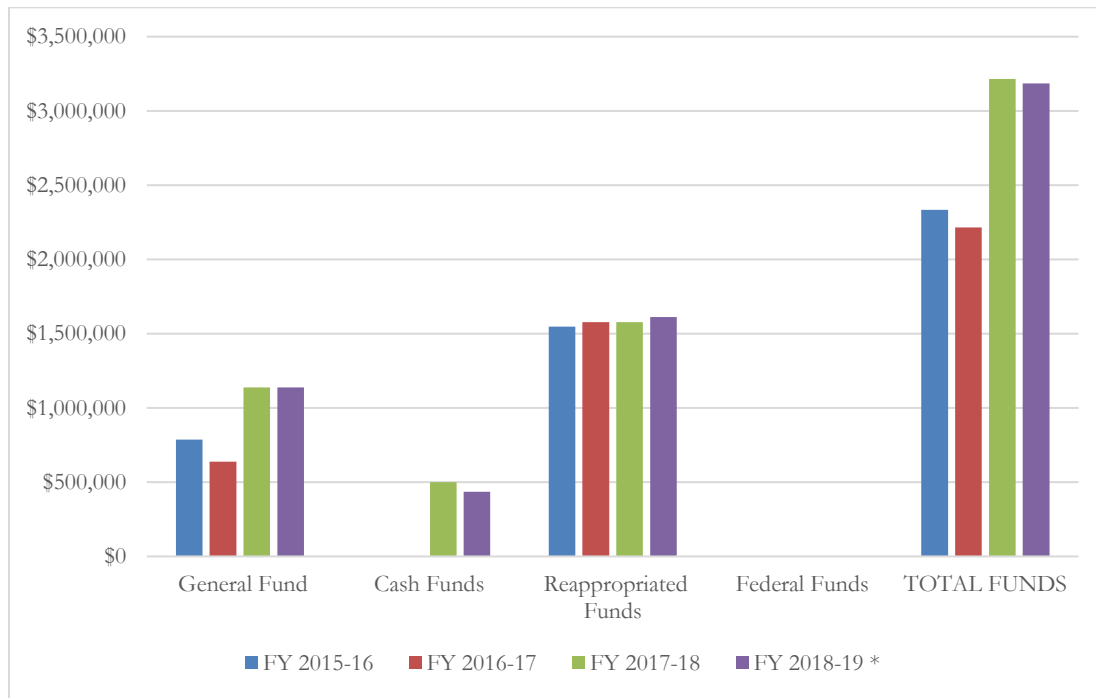
Base funding for the Office of the Lieutenant Governor has remained relatively constant in recent fiscal years, with nearly all money coming from the General Fund. Beginning in FY 2015-16, the General Assembly provided an increase in appropriations for two projects:

- Senate Bill 15-290 (Colorado Student Leaders Institute) created the Colorado Student Leaders Institute, a competitive summer residential education program for high school students. The initiative is funded by a transfer of \$218,825 from the Department of Education's State Education to the Office. Senate Bill 17-060 (Colorado Student Leaders Institute Relocation To Colorado Department Of Higher Education) transferred this program to the Department of Higher Education, thus reducing reappropriated funds in this Office.
- Serve Colorado, the Governor's Commission on Community Service, received an ongoing increase of \$100,000 General Fund beginning in FY 2015-16. The initiative seeks to build a culture of civic engagement in the state by working in partnership with community-based organizations. The Governor seeks an additional \$100,000 General Fund for this purpose in FY 2018-19.

OFFICE OF STATE PLANNING AND BUDGETING (OSPB)

FUNDING SOURCE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19 *
General Fund	\$787,132	\$638,174	\$1,138,174	\$1,138,174
Cash Funds	0	0	500,000	435,675
Reappropriated Funds	1,546,654	1,578,088	1,578,088	1,611,338
Federal Funds	0	0	0	0
TOTAL FUNDS	\$2,333,786	\$2,216,262	\$3,216,262	\$3,185,187
Full Time Equiv. Staff	19.5	20.5	20.5	20.5

*Requested appropriation.



*Requested appropriation.

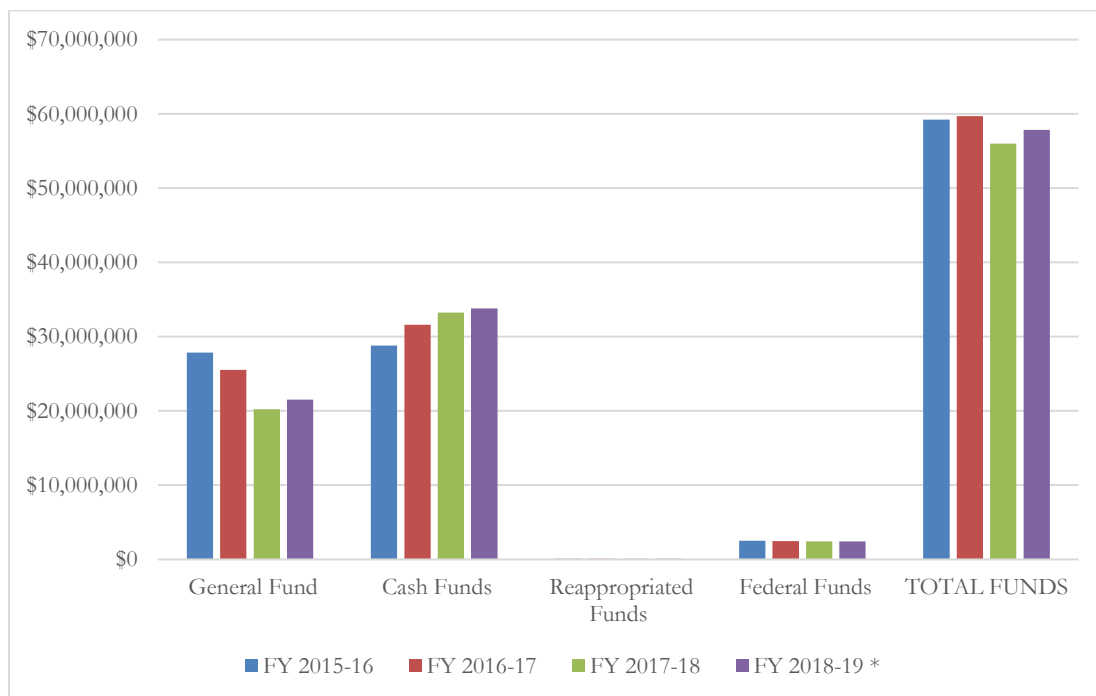
Base funding for the Office of State Planning and Budgeting has remained relatively constant in recent fiscal years at a level of approximately \$1.5 million reappropriated funds transferred to the agency from the collection of statewide indirect costs in other departments. Additionally, the General Assembly has provided funding to the Office for a variety of special projects in recent years, increasing General Fund appropriations gradually from zero in FY 2011-12 to \$1.1 million for FY 2017-18. These projects have included a prison utilization study, the implementation of a continuous incremental process improvement program known as LEAN, and the implementation of a cost-benefit analysis tool dubbed Results First.

For FY 2017-18, the Office received an appropriation of \$500,000 cash funds from the Marijuana Tax Cash Fund to fund a grant program for state agencies to embark on projects to evaluate and/or assist in the implementation of programs funded from the Marijuana Tax Cash Fund. Program evaluations assist the General Assembly in determining if investments of state resources are improving outcomes.

OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE (OEDIT)

FUNDING SOURCE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19 *
General Fund	\$27,836,093	\$25,533,807	\$20,232,051	\$21,528,461
Cash Funds	28,781,806	31,582,100	33,262,434	33,796,274
Reappropriated Funds	91,520	85,291	85,291	85,291
Federal Funds	2,503,598	2,482,722	2,421,338	2,421,338
TOTAL FUNDS	\$59,213,017	\$59,683,920	\$56,001,114	\$57,831,364
Full Time Equiv. Staff	60.3	60.3	60.6	60.6

*Requested appropriation.



*Requested appropriation.

Funding for the Office of Economic Development and International Trade (OEDIT) is heavily dependent on cash funds. Much of the increase in cash funds occurred in the 2006 legislative session through the passage of H.B. 06-1201 (Increase Limited Gaming Funds for Tourism). The legislation increased the amount of Limited Gaming Fund money transferred to the Colorado Travel and Tourism Promotion Fund, and authorized additional transfers to the newly created State Council on the Arts Cash Fund, Film Operations and Incentives Cash Fund, and the New Jobs Incentives Cash Fund.

Revenues available for transfer to the Limited Gaming Fund vary considerably from year to year. Senate Bill 13-133 (Distribution of State Share of Ltd Gaming Revenues) modified the distribution of the State share of the Limited Gaming Fund to bring more consistency to the transfers. Specifically, the bill amended the distribution to various cash funds at the close of each fiscal year from a percentage-based amount to a fixed-dollar amount.

LIMITED GAMING TAX REVENUE TRANSFERS TO OEDIT PER S.B. 13-133	
Travel and Tourism Promotion Fund	\$15,000,000
Advanced Industries	\$5,500,000
Creative Industries	\$2,000,000
Film, TV, and Media	\$500,000

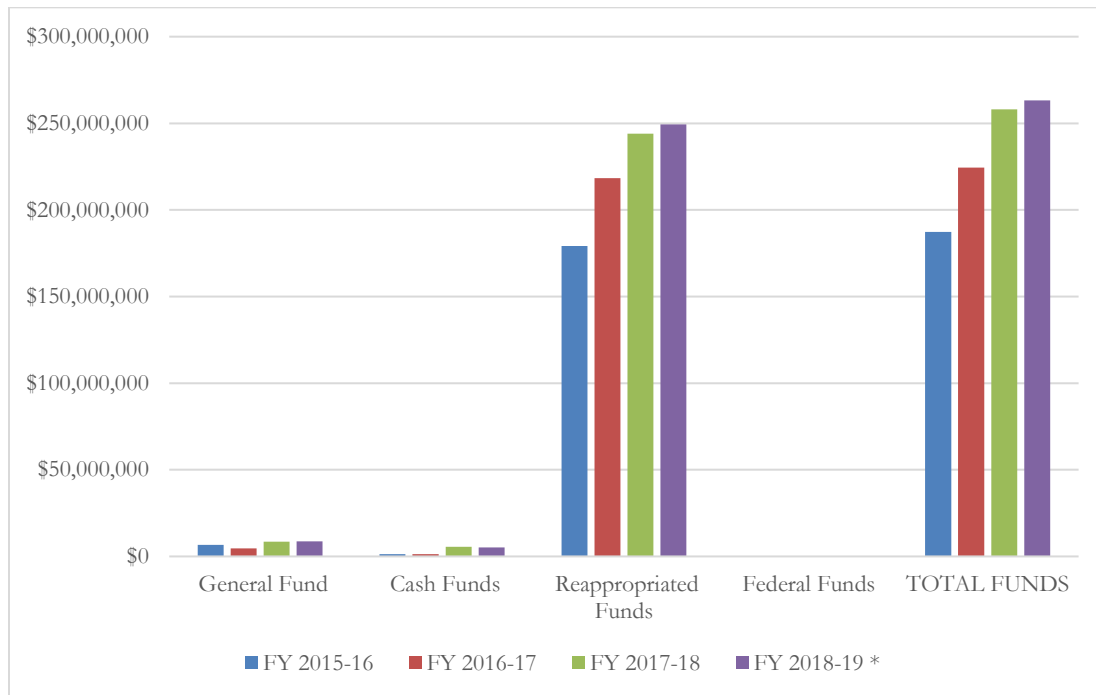
In addition to limited gaming tax revenue, for FY 2017-18, the legislature provided OEDIT with \$5.0 million General Fund to provide new job creation incentives for companies relocating to Colorado and expanding in Colorado via the reauthorization of the Economic Development Commission included in S.B. 17-280 (Extending The Economic Development Commission), \$4.0 million General Fund for tourism promotion, and \$750,000 General Fund to provide job creation incentives for the film industry.

It is important to note that OEDIT is also responsible for implementing the State's Job Growth Incentive Tax Credit program established via H.B. 09-1001 (Income Tax Credit For CO Job Growth). The incentive provides a State income tax credit equal to 50.0 percent of the Federal Insurance Contributions Act (FICA) money paid by the business on the net job growth for each calendar year in the credit period. Businesses need to create at least 20 new jobs in Colorado, with an average yearly wage of at least 110 percent of the county average wage rate based on where the business is located, and all new jobs must be maintained for at least one year after the positions are hired to qualify. For FY 2016-17, tax credits in the amount of \$12.6 million were issued based on the creation of 4,829 jobs. During the same time period, 33 projects received approval for up to \$195.0 million in tax credits associated with the creation of 9,414 jobs. While the Job Growth Incentive Tax Credit program does not impact State appropriations, it decreases the amount of General Fund revenue available to the State for appropriations.

GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY (OIT)

FUNDING SOURCE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19 *
General Fund	\$6,694,063	\$4,651,457	\$8,418,058	\$8,726,469
Cash Funds	1,250,928	1,250,928	5,560,553	5,089,678
Reappropriated Funds	179,167,593	218,319,877	243,944,105	249,282,083
Federal Funds	121,000	121,000	121,000	121,000
TOTAL FUNDS	\$187,233,584	\$224,343,262	\$258,043,716	\$263,219,230
Full Time Equiv. Staff	935.8	937.5	963.5	964.5

*Requested appropriation.



*Requested appropriation.

In May 2007, the Governor issued an executive order to begin centralizing the management of executive branch information technology resources in the Governor's Office of Information Technology (OIT). The purpose was to address infrastructure, purchasing, project planning and delivery, asset management, and strategic leadership needs. Senate Bill 08-155 (Centralize IT Management In OIT) statutorily consolidated the responsibility for information technology oversight of most of the state's executive branch agencies in OIT.

Specifically, S.B. 08-155 transferred several information technology functions and staff positions from various State agencies to OIT in FY 2008-09. The largest single agency transfer involved moving the Division of Information Technology from the Department of Personnel and Administration, along with its 178.8 FTE, to OIT. The Division of Information Technology transfer included the General Government Computer Center (GGCC), telecommunications coordination, public safety communications planning and maintenance, and statewide information technology management and support functions. Additionally, the Department's FY 2008-09 appropriation included the transfer of 33.4 FTE from various state agencies to OIT as part of the migration of agency chief information officers to OIT.

Senate Bill 08-155 also allowed for the transfer of other information technology employees from State agencies to OIT between July 1, 2008 and July 1, 2012. Per statutory authority, the State Chief Information Officer, department executive directors, and department chief information officers jointly identified the additional positions and functions affiliated with the management and administration of each agency's information technology resources and enterprises to be transferred to OIT. The FY 2010-11 appropriation included a transfer of 680.7 FTE and \$57.7 million from state agencies to OIT.

Funding historically dedicated to the associated information technology staff in specific State agencies and programs continues to be appropriated to those agencies in order for them to maintain consistency of program, state, and federal funding streams and reporting standards. Agencies make payments to OIT for their share of information technology staff payroll costs, including centrally appropriated items and personal services expenses. The payments are made from an information technology common policy line item (Payments to OIT) appropriation.

Outside of OIT's collection of recoverable costs associated with the information technology common policy, expenses for the operation of the Colorado Benefits Management System (CBMS) are billed directly to the Department of Human Services and Department of Health Care Policy and Financing. The following table highlights appropriations made to OIT for CBMS over the past six fiscal years.

APPROPRIATIONS TO OIT FOR CBMS (REAPPROPRIATED FUNDS)					
FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19*
\$41,330,303	\$64,996,580	\$30,529,339	\$53,026,031	\$56,877,851	\$61,868,613

*Requested appropriation.

SUMMARY: FY 2017-18 APPROPRIATION & FY 2018-19 REQUEST

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
SB 17-254 (Long Bill)	\$327,294,670	\$30,301,603	\$44,200,500	\$246,336,847	\$6,455,720	1,087.9
Other legislation	8,364,108	5,023,062	3,200,000	141,046	0	3.3
TOTAL	\$335,658,778	\$35,324,665	\$47,400,500	\$246,477,893	\$6,455,720	1,091.2
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$335,658,778	35,324,665	\$47,400,500	\$246,477,893	\$6,455,720	1,091.2
OFFICE OF THE GOVERNOR						
R1 (GOV) Administration line item adjustment	562,240	562,240	0	0	0	0.0
R2 (GOV) Colorado Commission of Indian Affairs increase	90,000	90,000	0	0	0	1.0
R3 (GOV) Serve Colorado	100,000	100,000	0	0	0	0.0
R4 (GOV) Office of State Planning and Budgeting reduction	(64,325)	0	(64,325)	0	0	0.0
COLORADO ENERGY OFFICE						
R1 (CEO) Funding for the Energy Office	3,100,000	3,100,000	0	0	0	16.5
OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE						
R1 (OEDIT) Film incentive rebate program	1,250,000	1,250,000	0	0	0	0.0
R2 (OEDIT) Extend Advanced Industry Export Acceleration Program	175,000	0	175,000	0	0	0.0
OFFICE OF INFORMATION TECHNOLOGY						
R1 (OIT) Broadband and FirstNet staffing continuation	224,992	224,992	0	0	0	0.0
R2 (OIT) CBMS/PEAK base adjustment request	4,990,762	0	0	4,990,762	0	0.0
R3 (OIT) Operating System and Microsoft Office productivity suite service offering	5,228,160	0	0	5,228,160	0	0.0
R4 (OIT) Voice and data services spending authority	4,098,059	0	0	4,098,059	0	0.0
R5 (OIT) Department of Health Care Policy and Financing security	194,302	0	0	194,302	0	0.0
R6 (OIT) Human Resources Information System (HRIS) timekeeping solution savings	(1,649,287)	0	0	(1,649,287)	0	0.0
OTHER CHANGES						
Indirect cost assessment	822,648	0	285,793	412,925	123,930	0.0
Non-prioritized request items	287,533	69,688	0	217,845	0	1.0
Centrally appropriated line items	(5,057,677)	416,716	20,338	(5,682,356)	187,625	0.0
Annualize prior year budget actions	(2,453,465)	(26)	(470,875)	(1,982,564)	0	0.0
Annualize prior year legislation	(340,555)	0	0	(340,555)	0	0.0
TOTAL	\$347,217,165	\$41,138,275	\$47,346,431	\$251,965,184	\$6,767,275	1,109.7
INCREASE/(DECREASE)						
Percentage Change	3.4%	16.5%	(0.1%)	2.2%	4.8%	1.7%

OFFICE OF THE GOVERNOR

R1 (GOV) ADMINISTRATION LINE ITEM ADJUSTMENT: The request includes an increase of \$562,240 General Fund to meet payroll and operating expenses in the Governor's Office. In prior fiscal years, these costs were covered by federal funds from the Jobs and Growth Tax Relief Reconciliation Act of 2003. This source of funds will be exhausted during FY 2018-19. This request is a one-to-one refinance and does not increase the total amount of funds available to the Governor's Office.

R2 (GOV) COLORADO COMMISSION OF INDIAN AFFAIRS INCREASE: The request seeks an increase of \$90,000 General Fund and 1.0 FTE to add a Program Assistant position to support the Commission's Executive Director and to provide additional funding for existing services and programs that the Commission delivers to fulfill its statutory obligations, as set forth in Section 24-44-103, C.R.S.

R3 (GOV) SERVE COLORADO: The request includes an increase of \$100,000 General Fund to assist the Office of the Lieutenant Governor in meeting matching fund requirements for Serve Colorado. These matching funds are needed to apply for and receive a variety of grants aimed at fostering a culture of civic engagement across the state in partnership with an array of community based organizations.

R4 (GOV) OFFICE OF STATE PLANNING AND BUDGETING REDUCTION: The request seeks a one-time reduction of \$64,325 cash funds from the Marijuana Tax Cash Fund in the line item in the Office that is to be used for grants to agencies to embark on projects to evaluate and/or assist in the implementation of programs funded from the Marijuana Tax Cash Fund. This represents a decrease of two percent in the Office's total budget.

COLORADO ENERGY OFFICE

R1 (CEO) FUNDING FOR THE ENERGY OFFICE: The request includes an increase of \$3.1 million General Fund and 16.5 FTE to provide the Colorado Energy Office with a base budget to fulfill its statutory obligations. *For more information on this request, see staff's briefing issue in this document entitled "Funding the Colorado Energy Office."*

OFFICE OF ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE

R1 (OEDIT) FILM INCENTIVE REBATE PROGRAM: The request seeks an increase of \$1.3 million General Fund to continue the Colorado Office of Film, Television, and Media's 20.0 percent rebate for production related expenses incurred in Colorado. The FY 2017-18 budget for this purpose includes \$750,000 General Fund. This request raises this amount to \$2.0 million General Fund for FY 2018-19. *For more information on film incentives awarded in prior years, see "Appendix F: Economic Development Film Incentives" in this document.*

Note, the film incentive program was recently audited by the Office of the State Auditor (OSA). The report released by the Office in May 2017 indicated that the Film Office:

- Paid about \$1.9 million in incentives for the nine projects OSA sampled even though none of them met all requirements. This included \$129,000 for projects that did not qualify for incentives and another \$1.8 million for projects for which the Film Office lacked documentation to substantiate they qualified. The Film Office also paid incentives totaling \$102,900 using the lower in-state spending threshold for two projects that do not appear to qualify under the in-state requirements.
- Paid about \$1.9 million in incentives for productions without having contracts in place before the projects began. The majority of this amount (\$1.3 million) was for projects for which no contract or purchase order was ever executed. Statute prohibits state agencies from disbursing funds unless the disbursement is supported by an approved purchase order or a contract.
- Staff decide whether to approve an incentive based on undocumented conversations with interested companies and do not use uniform criteria to evaluate the extent to which a project supports the Office's strategic goals.
- Lacks complete and accurate information to assess and report on the effectiveness of its operations. Specifically, the Film Office does not collect data on full-time equivalent jobs created through the incentive program or the amount of income tax revenue the state collects due to these jobs.

In September 2017, the Legislative Audit Committee voted 8-0 to request draft legislation in relation to these audit findings. The components of the legislation discussed in September include:

- Designating the Film Office, rather than production companies, as responsible for hiring certified public accountants to verify production company data.
- Refining the definition of "in-state" production company certification requirements.
- Creating a clawback provision in order to be able to recoup incentives paid to unqualified production companies.

R2 (OEDIT) EXTEND ADVANCED INDUSTRY EXPORT ACCELERATION PROGRAM: The request asks the Joint Budget Committee to placeholder \$175,000 General Fund to support non-JBC legislation that may be introduced in the 2018 legislative session to reauthorize the Advanced Industry Export Acceleration Program through January 1, 2024. The Program, which is slated for repeal on January 1, 2019 and is currently funded with an annual transfer of \$300,000 General Fund into the Advanced Industries Export Acceleration Fund, provides financial assistance to Colorado companies to offset international export development expenses, provides export training for advanced industry businesses to learn about the fundamentals of exporting, and develops a global network of trade consultants in key international markets to assist the Office in accelerating advanced industries exports.

OFFICE OF INFORMATION TECHNOLOGY

R1 (OIT) BROADBAND AND FIRSTNET STAFFING CONTINUATION: The request seeks an increase of \$224,992 General Fund to retain an existing 2.0 FTE in the State Broadband Office. These

employees are currently funded by the federal National Telecommunications and Information Administration (NTIA) and are tasked with supporting the Office's endeavors related to increasing broadband availability across Colorado, as well supporting the state's implementation of the FirstNet initiative to create a dedicated public safety broadband network. NTIA funding for these two positions expires on February 28, 2018. *For more information on this request, see staff's briefing issue in this document entitled "The FirstNet Decision."*

R2 (OIT) CBMS/PEAK BASE ADJUSTMENT REQUEST: The request includes an increase of \$5.0 million reappropriated funds transferred from the Departments of Health Care Policy and Financing and Human Services to the Office to meet increasing costs associated with the operation of the Colorado Benefits Management System (CBMS). The requested money, which includes \$1.5 million General Fund, is sought for producing and mailing client correspondence, meeting federal security requirements, and covering the software license, maintenance, and support costs associated with existing capacity and performance issues.

R3 (OIT) OPERATING SYSTEM AND MICROSOFT OFFICE PRODUCTIVITY SUITE SERVICE OFFERING: The request seeks an increase of \$5.2 million reappropriated funds transferred from state agencies to the Office to transition from a non-consolidated licensing approach for operating system and Microsoft Office applications to a centralized approach managed by the Office for all state agencies. It is important to highlight that a portion of the \$5.2 million total for this request is offset by requested reductions across nearly all agencies from operating line items that currently provide funds for operating system and Microsoft Office licenses.

R4 (OIT) VOICE AND DATA SERVICES SPENDING AUTHORITY: This technical request includes an increase of \$4.1 million reappropriated funds spending authority to align the Long Bill with the Office's expenditures for these services. This proposal does not include companion requests for increases in agency appropriations for voice and data services, as existing appropriations in agency operating budgets are driving the Office's need for increased spending authority. State agencies are transitioning away from legacy phone systems and onto OIT's managed internet protocol communications platform, which necessitates additional spending authority for OIT to provide these services back to agencies.

R5 (OIT) R5 (OIT) DEPARTMENT OF HEALTH CARE POLICY AND FINANCING SECURITY: The request seeks an increase of \$194,302 reappropriated funds transferred from the Department of Health Care Policy and Financing to the Office to migrate the Department to the state's enterprise firewalls, to contract for security architecture support to advise in positioning security countermeasures and relating these measures to the overall systems architecture, and to implement two-factor authentication for the Department's email system (including encryption) and the network layer. Of the total amount requested to be transferred from the Department to the Office, the General Fund amount is \$63,663.

OIT's security team is covering day-to-day security needs, while large systems, especially those containing regulated data, such as personal health information, often require a dedicated security program manager related to security. The Office does not have funds to accommodate this need. The Committee may wish to include a hearing agenda item to discuss whether money appropriated for large projects should include additional funds for security architect services to ensure that appropriate security oversight is being performed and that security needs and controls are built into the implementation.

R6 (OIT) HUMAN RESOURCES INFORMATION SYSTEM (HRIS) TIMEKEEPING SOLUTION

SAVINGS: The request includes a decrease of \$1.6 million reappropriated funds transferred from state agencies to the Office for the operating expenses associated with timekeeping component of the HRIS capital construction information technology project. This savings is a due to a technology change for this component from Kronos, as was originally proposed, to a CGI-based solution.

On September 20, 2018, the Joint Budget Committee met and considered an emergency supplemental request submitted by the Governor's Office of Information Technology for an increase in capital construction funding for the HRIS project resulting from a change in the technology used for timekeeping. The JBC voted at this meeting to request that the Joint Technology Committee (JTC) review this funding request a second time to study concerns brought forth by members of the JBC. On October 3, 2017, the JTC reviewed the request a second time and subsequently voted 2 to 4 against approval of the emergency supplemental request for HRIS. Following the JTC's vote, the JBC opted to table a decision on funding this request. OIT and the Department of Personnel (DPA) indicate that the project will run out of funds to complete the project by March 2018.

On November 6, 2017, OIT and DPA submitted the following request to the Joint Technology Committee:

“OIT and DPA respectfully request a meeting with the Joint Technology Committee to continue discussions on the HRWorks emergency supplemental request and the ability to save the state money, reduce risk and increase functionality. Changing the time and leave solution was a difficult decision, but it is our fiscal responsibility to look for cost savings and bring the request to the Joint Budget Committee and Joint Technology Committee. The consequences of stopping the HRWorks project are too great for the state, taxpayers, and employees.”

OTHER CHANGES

INDIRECT COST ASSESSMENT: The request includes an increase of \$822,648 total funds for both departmental and statewide indirect cost assessments. The table below itemizes each requested indirect costs assessment by line item for FY 2018-19.

INDIRECT COST ASSESSMENT						
DIVISION	SUB DIVISION	LINE ITEM	TOTAL FUNDS	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Office of the Governor	Governor's Office	Administration of Governor's Office and Residence	\$430,447	\$0	\$430,447	\$0
Office of the Governor	Special Purpose	Indirect Cost Assessment	7,978	7,978	0	0
Office of the Governor	Colorado Energy Office	Indirect Cost Assessment	123,930	0	0	123,930
Economic Development Programs		Indirect Cost Assessment	277,815	277,815	0	0
Office of Information Technology	OIT Central Administration	Indirect Cost Assessment	(17,522)	0	(17,522)	0
TOTAL			\$822,648	\$285,793	\$412,925	\$123,930

NON-PRIORITIZED REQUEST ITEMS: The request seeks \$287,533 total funds, including \$69,688 General Fund, for items requested by other agencies that impact this department. The table below itemizes each requested non-prioritized item for FY 2018-19.

NON-PRIORITIZED REQUEST ITEMS				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
IT Application Development and Support (DNR)	\$115,445	\$0	\$115,445	1.0
DeCORum Operating (DOC)	90,723	0	90,723	0.0
Operating System Suite (OIT)	62,586	62,586	0	0.0
Cybersecurity Liability Insurance Policy (DPA)	9,561	2,610	6,951	0.0
Annual Fleet Vehicle Request (DPA)	9,218	4,492	4,726	0.0
TOTAL	\$287,533	\$69,688	\$217,845	1.0

CENTRALLY APPROPRIATED LINE ITEMS: The request includes a decrease of \$5.1 million total funds, including an increase of \$416,716 General Fund, for adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; vehicle lease payments; workers' compensation; legal services; payment to risk management and property funds; Capitol complex leased space; and Payments to OIT. The table below itemizes each requested centrally appropriated line item change for FY 2018-19.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$2,904,533	\$270,016	\$110,736	\$2,468,443	\$55,338	0.0
Health, life, and dental adjustment	732,439	415,970	(42,525)	299,372	59,622	0.0
AED adjustment	235,866	97,243	(18,212)	116,034	40,801	0.0
SAED adjustment	235,866	97,243	(18,212)	116,034	40,801	0.0
Leased space adjustment	10,749	0	0	10,749	0	0.0
Shift differential adjustment	6,797	0	0	6,797	0	0.0
Payments to OIT adjustment	(8,729,932)	(270,969)	0	(8,458,963)	0	0.0
Legal services adjustment	(142,233)	(113,712)	0	(28,521)	0	0.0
Workers' compensation adjustment	(130,675)	(13,310)	0	(117,365)	0	0.0
Payment to risk management / property funds adjustment	(83,329)	(26,180)	0	(57,149)	0	0.0
Capitol Complex leased space adjustment	(54,893)	(26,282)	0	(28,611)	0	0.0
CORE adjustment	(33,363)	(15,321)	(10,023)	2,057	(10,076)	0.0
Short-term disability adjustment	(9,502)	2,018	(1,426)	(11,233)	1,139	0.0
TOTAL	(\$5,057,677)	\$416,716	\$20,338	(\$5,682,356)	\$187,625	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a decrease of \$2.5 million total funds, including a decrease of \$26 General Fund, for adjustments related to prior year budget actions, primarily decision items. The table below itemizes each requested annualization for FY 2018-19.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 Deskside Staffing	\$43,583	\$0	\$0	\$43,583	0.0
FY 2017-18 Tax system maintenance, support, and hosting	(1,418,292)	0	0	(1,418,292)	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 Marijuana data coordination	(470,875)	0	(470,875)	0	0.0
FY 2017-18 HCPF Benefits Utilization System (BUS)	(325,000)	0	0	(325,000)	0.0
FY 2016-17 End user configuration management tool	(174,404)	0	0	(174,404)	0.0
FY 2017-18 DOR telephone replacement	(67,500)	0	0	(67,500)	0.0
FY 2017-18 DPA OAC electronic case management system	(38,000)	0	0	(38,000)	0.0
FY 2017-18 Merit base pay	(1,964)	(18)	0	(1,946)	0.0
FY 2017-18 Salary survey	(1,013)	(8)	0	(1,005)	0.0
TOTAL	(\$2,453,465)	(\$26)	(\$470,875)	(\$1,982,564)	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a decrease of \$340,555 reappropriated funds for adjustments related to prior year legislation. The following table itemizes each requested annualization for FY 2018-19.

ANNUALIZE PRIOR YEAR LEGISLATION				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
HB 17-1057 (Interstate Physical Therapy Licensure Compact)	\$80,000	\$0	\$80,000	0.0
HB 17-1326 (Justice Reinvestment Crime Prevention Initiative)	(145,520)	0	(145,520)	0.0
HB 17-1204 (Juvenile Delinquency Record Expungement)	(108,710)	0	(108,710)	0.0
HB 16-1047 (Interstate Medical Licensure Compact)	(41,200)	0	(41,200)	0.0
HB 17-1313 (Civil Forfeiture Reform)	(38,662)	0	(38,662)	0.0
SB 16-069 (Community Paramedicine Regulation)	(38,080)	0	(38,080)	0.0
HB 17-1165 (Department Of Regulatory Agencies Boards Disciplinary Action Resolution Process)	(20,000)	0	(20,000)	0.0
Annualize HB17-1221 (Grey And Black Market Marijuana Enforcement Efforts)	(15,423)	0	(15,423)	0.0
Annualize SB17-028 (Healthy Families And Military Preparedness Act)	(12,960)	0	(12,960)	0.0
TOTAL	(\$340,555)	\$0	(\$340,555)	0.0

ISSUE: THE FIRSTNET DECISION

In response to the 9/11 Commission Report, Congress passed legislation establishing a dedicated network for data communications nationwide for public safety purposes. After a competitive bidding process, the federal government selected AT&T in March 2017 to implement this network, known as FirstNet, for the next 25 years. Governor Hickenlooper has until December 28, 2017 to decide whether Colorado will join this network or build its own public safety broadband network that interoperates with FirstNet.

SUMMARY

- Congress enacted the Middle Class Tax Relief and Job Creation Act of 2012 which included provisions creating a nationwide interoperable broadband network for public safety officials from all levels of government to access and use mission-critical mobile data applications. Congress provided \$7 billion and 20 MHz of radio spectrum for this purpose.
- This network is referred to as “FirstNet” and is based on the commercial standards for long-term evolution (LTE) service. The federal First Responder Network Authority (FirstNet Authority), created by the Act, is responsible for implementing FirstNet. The Authority awarded a contract to AT&T in March 2017 for this implementation for a span of 25 years.
- AT&T will receive approximately \$6.5 billion over the next five years for the buildout and operation of the network plus the additional spectrum set aside by Congress. The company is also pledging a \$40 billion investment in the network over the lifespan of the contract. Public safety users of the network are responsible for the costs of device acquisition, voice and data plans, and any integration costs associated with agency network infrastructure (e.g. firewall).
- The governor of each state has the option to join the FirstNet network (“opt in”) or build their own public safety broadband network at their own and/or their vendor’s expense (“opt out”) that interoperates with FirstNet. Colorado has until December 28, 2017 to make this decision.
- 31 out of 56 states and territories, including all of Colorado’s neighboring states (Utah, Wyoming, Arizona, New Mexico, Oklahoma, Kansas, and Nebraska), have made the decision to “opt in.”
- The Joint Budget Committee is not being asked to provide funding for the building, maintenance, or operations of an AT&T-alternative network associated with an “opt out” decision. However, staff believes it is essential that the General Assembly understand the operational and fiscal ramifications of both options.

RECOMMENDATION

Staff recommends that the Joint Budget Committee send a letter to Governor Hickenlooper urging him to “opt in” to the FirstNet/AT&T network based on the fiscal uncertainties associated with the state and/or its vendor assuming the responsibility of building, maintaining, and operating its own radio access network.

DISCUSSION

Background

In response to the events of September 11, 2001, the 9/11 Commission called for the allocation of more radio frequency spectrum for public safety purposes and improved connectivity for public safety communications so that officials could share information more rapidly. Nearly ten years after this recommendation was put forth by the Commission, Congress enacted the Middle Class Tax Relief and Job Creation Act of 2012 which included provisions creating a nationwide interoperable broadband network for public safety officials from all levels of government to access and use mission-critical mobile data applications. Congress provided \$7 billion and 20 MHz of radio spectrum for this purpose. This network is referred to as “FirstNet” and is based on the commercial standards for long-term evolution (LTE) service. LTE is a standard for high-speed wireless communication for mobile devices and data terminals.

The Role of the Federal Government in Building the Network

The responsibility to build the network was bestowed by the Middle Class Tax Relief and Job Creation Act on an independent authority within the U.S. Department of Commerce’s National Telecommunications and Information Administration (NTIA) known as the FirstNet Authority. This entity is governed by a 15-member board consisting of the Attorney General of the United States, the Secretary of Homeland Security, the Director of the Office of Management and Budget, and 12 members appointed by the Secretary of Commerce. These 12 members were appointed by the Secretary of Commerce to represent public safety, local government, state government, federal government, and the wireless industry.

Selecting a Vendor to Build the Network

The FirstNet Authority issued a request for proposals (RFP) to build out FirstNet on a nationwide basis through a public-private partnership. A contract was then awarded to AT&T in March 2017. The partnership calls for the federal government and AT&T to deploy, operate, and maintain FirstNet for 25 years. It is to be built on the existing AT&T commercial network and will leverage the company’s existing spectrum plus the additional 20 MHz of spectrum set aside by Congress for FirstNet. For its part, AT&T is pledging a \$40 billion investment in the network over the lifespan of the contract.

Technical Specifications of the Network

FirstNet will use AT&T’s existing commercial radio access network (cell towers and related equipment) to connect to an AT&T core network (the “brains” of the network) that is built specifically for public safety users. This core network will provide prioritization and preemption for first responders so that voice and data communications will not have to compete with the company’s commercial users for network availability. This is especially important in an emergency event when many users seek to use the network at the same time for phone calls, text messages, and/or accessing data through applications. Additionally, this core network will allow pre-certified applications to be used on end user devices for a variety of data-driven purposes. Note, AT&T’s plans call for adding additional towers to its existing radio access network to address coverage gaps. This is especially important to states like Colorado that have significant rural and mountainous areas that may not have commercial coverage today due to the lack customers.

Role of the State

Per the Middle Class Tax Relief and Job Creation Act, the governor of each state has the option to join the FirstNet/AT&T network (“opt in”) or build their own public safety radio access network at their own and/or their vendor’s expense (“opt out”) that interoperates with the FirstNet/AT&T core network. A governor may also choose to forgo a decision, which would be viewed by the FirstNet Authority as an “opt in” decision. Governor Hickenlooper has until December 28, 2017 to make (or decline to make) this decision.

Note, a public safety broadband network, such as FirstNet, will not replace the existing Digital Trunked Radio System (DTRS) that is used by thousands of first responders across the state for mission-critical voice communications. The FirstNet network will provide high-speed data services and non-mission critical voice to augment the voice capabilities of the state’s mission-critical DTRS.

The Opting In Process

If a state chooses to “opt in” to the FirstNet/AT&T network, the process is quite simple. The governor of a state signals their intention to “opt in.” FirstNet/AT&T begin deploying the network and users may begin purchasing plans from AT&T. There is no contractual arrangement between the state and AT&T. The only contract is between the FirstNet Authority and AT&T. Costs of the network (deployment, maintenance, and operation) are covered by the federal government and AT&T for 25 years. Public safety users of the network are responsible for the costs of device acquisition, voice and data plans, and any integration costs associated with agency network infrastructure (e.g. firewall). Public safety officials are not required to choose AT&T for its cellular data or voice needs if a state chooses to “opt in”. Public safety officials may continue to use the provider that best meets their operational needs.

As of the printing of this document, 31 out of 56 states and territories, including all of Colorado’s neighboring states (Utah, Wyoming, Arizona, New Mexico, Oklahoma, Kansas, and Nebraska), have opted in.

The Opting Out Process

If a state does not want to use AT&T’s radio access network, the Middle Class Tax Relief and Job Creation Act indicates that a state and/or its vendor must assume the cost and responsibility to construct, operate, and maintain a radio access network in its state. The FirstNet Authority mandates that this radio access network must connect directly to FirstNet/AT&T’s public safety core network. A state wishing to “opt out” must successfully undertake the following steps:

- First, a state must submit its alternative plan for the construction, maintenance, and operation its radio access network to the Federal Communications Commission (FCC) and meet specific interoperability criteria established by the FCC.
- Second, if the FCC approves a state alternative plan, a state must make five separate technical and financial demonstrations to the NTIA. The state must demonstrate: (1) that it has the technical capabilities to operate and the funding to support its radio access network; (2) that it has the ability to maintain ongoing interoperability with the FirstNet/AT&T network; (3) that it has the ability to complete the project within specified comparable timelines specific to the state; (4) the cost-effectiveness of the state alternative plan submitted to the FCC; and, (5) comparable security, coverage, and quality of service to that of the FirstNet/AT&T network.

- Third, assuming a state has successfully made such demonstrations to NTIA, a state then must negotiate and enter into a spectrum capacity lease with FirstNet for the 20 MHz of spectrum set aside by Congress for FirstNet, which will be required for operation of the state radio access network.

The Department of Commerce states that these three steps are fundamental to achieving the goal of the Middle Class Tax Relief and Job Creation Act to ensure that the network, regardless of whether FirstNet/AT&T or a state assumes responsibility for the radio access network, will interoperate, provide seamless broadband service across the nation, and be financially and technically sustainable.

If a state's alternative plan is compliant with these steps, the state is eligible to receive federal funding from the State Alternative Plan Program (SAPP) to assist in constructing the state's radio access network. For Colorado, this amount is estimated to be between \$70.8 million and \$88.5 million. In addition, a state successfully "opting out" would be responsible for the costs associated with leasing, for its radio access network, the 20 MHz of spectrum set aside by Congress for FirstNet. These exact costs are not publicly available, however, staff research indicates that these costs may be in the millions of dollars over the 25 year life of the lease. Finally, if a state were to receive approval for its alternative plan and then fails to operate and maintain its network, it must pay financial penalty to the federal government to join the FirstNet/AT&T network. The exact costs to rejoin FirstNet/AT&T have been reported in various publications at \$15 billion for California and \$175 million for Vermont. Staff cannot confirm these numbers, however, but provides them for general scoping purposes.

Just as in the case of an "opt in" decision, public safety officials are not required to choose an alternative plan vendor for its cellular data or voice needs if a state chooses to "opt out". Public safety officials may continue to use the provider that best meets their operational needs.

As of the printing of this document, zero states have opted out. It should be noted, though, that several states, including Colorado, have issued RFPs to determine if solutions exist to successfully "opt out" (see the following section for more information on Colorado's RFP process).

Advising Governor Hickenlooper on the Decision

The FirstNet Colorado Governing Board (FNCGB) was established in December 2013 to assist Governor Hickenlooper in making the "opt in" versus "opt out" decision. The Board is made up of public safety officials from state, local, and tribal government, as well as elected officials from local and tribal governments (noticeably absent is a member of the General Assembly, despite potential state fiscal impacts in the future associated with the Governor's decision). Governor Hickenlooper has asked the FNCGB to begin providing ongoing updates regarding its deliberations. On November 3rd, the FNCGB provided its first official update to the Governor on its deliberations.

The FNCGB is primarily using two sources of information to assist the Governor in making his decision. First, the Board received a draft version of a customized, digital State Plan from FirstNet/AT&T in June 2017 outlining how the FirstNet network will be deployed in Colorado. The State Plan includes information on coverage, network architecture (including security provisions), and information on devices, rate plans, and applications. Via a web-based portal and direct communications, public safety officials were able to provide input and comments to FirstNet/AT&T about the Plan. FirstNet/AT&T took these comments under consideration and delivered a finalized State Plan back to Colorado in September 2017.

Second, OIT issued an RFP on March 23rd requesting that vendors propose a comprehensive FirstNet/AT&T-alternative solution for a public safety broadband network that provides exemplary coverage, compelling costs, and the opportunity to support other critical communication services across the state, such as rural broadband. The RFP focused on the physical construction of the network, the monetization of network spectrum and assets, and operations and maintenance of the network.

The RFP process was conducted in two phases, with initial responses focusing on the qualifications of the respondents and their approach to some of the key elements of the potential implementation. The second phase, which was triggered after FNCGB reviewed the draft State Plan from FirstNet/AT&T and believed it prudent to proceed with researching alternative plans, required respondents to submit comprehensive solutions with all necessary technical, financial, and deployment details. As of the printing of this document, the FNCGB is in the process of reviewing the submittals for the second phase of the RFP process and is unable to provide information to external parties (e.g. Committee staff) due to the state's procurement rules.

Importance of the Decision to the General Assembly

Public safety is a core function of state government and, as such, any decision made by the executive branch that impacts a core function of government for the next 25 years is one that rightfully draws the attention of the General Assembly regardless of whether the body is asked to formally participate in the decision making process. In this particular case, the Joint Budget Committee, with its charge of studying the management, operations, programs, and fiscal needs of the agencies and institutions of Colorado state government, is well within its bounds to determine how a decision on FirstNet will impact the public safety community from a fiscal perspective and make its opinion known to the Governor.

If the Committee were to choose to provide input to the Governor on this issue, it would not be the first committee to do so. The Joint Technology Committee reviewed the Governor's options in a public meeting with FirstNet officials, AT&T representatives, and OIT on October 11, 2017 and subsequently voted on November 8, 2017 to send a letter asking Governor Hickenlooper to make an "opt in" decision.

Recommendation

The Committee has four options as it relates to Governor Hickenlooper's decision to "opt in" or "opt out" of the FirstNet/AT&T network:

- 1 Communicate to the Governor that the Committee has studied the issue from a fiscal perspective and recommends that he make an "opt in" decision and allow AT&T to pursue the implementation of the FirstNet network in Colorado.
- 2 Communicate to the Governor that the Committee has studied the issue from a fiscal perspective and recommends that he make an "opt out" decision and pursue the development of an alternative radio access network that interoperates with the FirstNet/AT&T public safety core network.
- 3 Communicate to the Governor that the Committee has studied the issue from a fiscal perspective and recommends that he forgo making a decision, thus passively opting in to allowing AT&T to pursue the implementation of the FirstNet network in Colorado.

- 4 Do nothing and allow the Governor to make the decision he feels is in the best interest of citizens and the state's public safety community without any input from the Committee.

Staff recommends communicating to the Governor that it is the Committee's preference that he make an "opt in" decision based on the fiscal uncertainties associated with an "opt out" decision that necessitates the state and/or its vendor to assume responsibility of building, maintaining, and operating its own radio access network that would link to the FirstNet/AT&T core network for public safety (#1 in the list above). Additionally, staff recommends that the communication include provisions indicating that, prior to opting in to the FirstNet/AT&T network, it is imperative that he negotiate with AT&T to add additional tower sites to provide greater coverage across the entire state of Colorado and to clearly outline the Colorado-specific process for addressing any FirstNet/AT&T issues raised by the state's public safety community (e.g. coverage gaps) over the life of the company's contract with the federal government.

Staff does not make this recommendation without acknowledging that there are governance and operational deficiencies in the FirstNet Authority's selected network solution. Specifically, staff questions why the federal government's approach to building out a nationwide public safety network was to select one vendor and executive one contract rather than establishing interoperability standards that would allow public safety officials to determine which vendor works best for them while meeting these standards. Staff also questions whether a "one-contract fits all" approach and a vendor's need to meet adoption rates set by the federal government and the marketplace are adequate to address the needs of an individual state in instances where FirstNet/AT&T incurs performance issues. These decisions, however, are "water under the bridge."

On the technical side, requiring a state alternative plan to link its radio access network to AT&T's public safety core network eliminates certain security concerns. It also potentially reduces the pool of carriers willing to partner with states on an AT&T-alternative proposal because carriers prefer to manage their own core networks in concert with their radio access networks. Unfortunately, the federal government has indicated that the AT&T public safety core network will not be interoperable with a core network from another carrier, such as Verizon. This does not mean that public safety officials won't be able to communicate across carriers, but it does mean that some features managed by the FirstNet/AT&T core network (e.g. priority preferences) will not apply to non-AT&T subscribing devices. This decision, too, though, is "water under the bridge."

Even with these federally-dictated drawbacks, there are many other advantages to this solution that form the basis of staff's recommendation and should not be downplayed. From a state fiscal perspective, which is of particular interest to the Joint Budget Committee, the risk of an "opt in" decision is zero to minimal. The only costs of "opting in" would be incurred at the individual or agency level as devices (e.g. phones, tablets) are added to the network. Even these costs may be minimal, however, as staff assumes that many public safety agencies are already subscribing to a carrier for these services. Switching over to AT&T from another carrier would be akin to an individual changing a wireless plan from Verizon to T-Mobile, for example. It is also worth reiterating that not one single individual or agency is required to use AT&T as its carrier. Opting in only indicates that AT&T will begin deploying FirstNet in Colorado as an option for public safety officials. The marketplace will remain the deciding factor in whether a public safety official chooses AT&T, Verizon, Sprint, T-Mobile, or another carrier. Verizon, a carrier used by many public safety entities in Colorado, has put forth a plan to replicate functionalities of the FirstNet/AT&T network using its existing spectrum allocation, for example, that public safety officials may find preferable to the FirstNet/AT&T offering.

On the technical side, the FirstNet/AT&T solution is built on a substantial foundation that consists of AT&T's existing commercial network spectrum and infrastructure and the additional 20 MHz of spectrum set aside by Congress for FirstNet. This along with AT&T's commitment to adding infrastructure to its network, represents a significant capacity for the network to work on "opt in" day, as well as in future years. Additionally, the security parameters and approach of the FirstNet network proposed by AT&T are based on National Institute of Standards and Technology (NIST) standards.

In summary, staff has full faith that OIT and the FNCGB have pursued every option in identifying an alternative plan to provide to the Governor that includes a self-sustaining funding model to eliminate funding risks for the state, provides statewide coverage, offers more Colorado-specific terms and conditions for performance, and creatively contributes to other state goals, such as rural broadband development. Unfortunately, estimating the financial risks to the state cannot be stated for an alternative state plan because Colorado's solicitation and procurement process continues to push closer to the decision date without resolution or the provision of any publically available information on which to draw conclusions. Even if this information were available today, though, staff questions if a solution that checks all of these boxes exists, in general, and more specifically, exists within the given federal parameters governing the implementation of the FirstNet/AT&T network. As New Hampshire Governor Chris Sununu recently stated, "Even though it [opting out] may be the best choice for us, we are not able to make that choice without insane risks."

ISSUE: PUBLIC SAFETY RADIO COVERAGE GAPS

The Digital Trunked Radio System (DTRS) is a statewide, mission-critical level, voice radio network used by public safety officials from all levels of government throughout the state to communicate on a daily basis and during emergency events. The network currently has coverage gaps on the western slope and in other areas of the state that require new tower sites and additional system infrastructure.

SUMMARY

- DTRS is a radio communications network used by over 1,000 state, local, regional, federal, and tribal agencies. Entities use the DTRS as their primary means of dispatch and public safety communications, for interoperable communications with other agencies, or for both purposes. DTRS' infrastructure is not owned by any one agency. It is a collaboration between numerous agencies that maintain various components of the network's infrastructure for the mutual benefit of the system as a whole. The state government, through the Governor's Office of Information Technology (OIT), is considered one of DTRS' core infrastructure partners.
- The FY 2016-17 annual report submitted by OIT as mandated by H.B. 14-1203 (Funding For Digital Trunked Radio Sys Maintenance), indicates that the need "for additional tower sites to fill critical coverage gaps is ongoing and escalating, especially on the western slope." This concern was echoed by a report presented to the General Assembly's Wildfire Matters Review Committee in 2015 indicating that "certain areas of the state suffer from critical gaps in radio system coverage and urgently need to be built out."
- Contributing to the coverage issue is that one of DTRS' zone controllers (the "brains" of the system), located in Grand Junction, has reached maximum port capacity. This means that additional tower sites cannot be added to the western slope. A zone controller can be thought of as a regional centralized processor of the network on which tower sites communicate to deliver voice to individual radios used by public safety officials.
- Additionally, OIT does not have funding to collaborate with its partnering agencies from other levels of government to share in the costs of adding equipment to new or existing tower locations to bring additional tower sites online to the network to fill coverage gaps. The agency's current appropriations are only sufficient to cover the personal services and operating expenses associated with the maintenance of existing infrastructure, including towers, network radio equipment at tower sites, microwave equipment, and system software.

RECOMMENDATION

Staff recommends that the Joint Budget Committee consider two actions to address coverage gaps for public safety radio communications. First, staff recommends that the Committee sponsor legislation allowing General Fund transferred into the Public Safety Communications Trust Fund to be used for new zone controller infrastructure on the western slope. Current law dictates that these funds be used only for the replacement of DTRS infrastructure and for software upgrades for the network. Second, staff recommends that the Committee appropriate funds to OIT to address critical DTRS coverage gaps that exist on the western slope and in other, often rural, areas of the state.

DISCUSSION

Background

In the 1990s, State, local, and federal government entities across the state were using multiple communications systems. The systems were not interoperable in all instances, meaning communication during an emergency incident was hampered by the technical inability for one response team (a county sheriff's office, for example) to speak to a second response team (State Patrol, for example). Officials from local, state, federal, and tribal government agencies partnered together and crafted a phased project plan to develop a communications system that would be available to all public safety, public service, and governmental agencies to use as either their primary radio system or for interoperable communications only. This communications system is named the Colorado Statewide Digital Trunked Radio System (DTRS).

Today, the network consists of interconnected infrastructure, including microwave equipment, radio towers, portable radios, dispatch consoles, and computer hardware and software. These assets include 234 radio tower sites, over 96,000 user radios, and five zone controllers located across the state that manage the network (the “brains” of the system). DTRS is used by agencies to transmit over 8.8 million monthly voice communications.

Costs for maintaining the network are shared by its beneficiaries. DTRS’ infrastructure is not owned by any one agency. It is a collaboration between numerous agencies that maintain various components of the network’s infrastructure for the mutual benefit of the system as a whole. It is a statewide system, not a “state government” system. The state government is considered one of DTRS’ core infrastructure partners because it has made significant investments in the system’s infrastructure. Today, through the Governor’s Office of Information Technology (OIT), the state owns and/or operates many critical assets, including radio tower sites and zone controllers that are used by the system’s many partners.

Issue

While DTRS is considered one of the nation’s most successful statewide public safety communications voice networks, it is not without issues. Specifically, there are areas of the state that do not have adequate coverage on the DTRS network. This means that public safety officials are unable to communicate with others when working in geographies with little to no coverage.

The General Assembly’s Wildfire Matters Review Committee heard testimony in 2015 from the Colorado Department of Public Safety that certain areas of the State suffer from critical gaps in radio system coverage and urgently need to be built out. The agency’s 2015 report, titled “Digital Trunked Radio System Statewide Needs Assessment and Business Plan” states that “enhancing DTRS coverage is the most critical user need based on feedback from the user surveys and coverage workshops.” Additionally, according to the FY 2016-17 annual report submitted by OIT as mandated by H.B. 14-1203 (Funding For Digital Trunked Radio Sys Maintenance), the need “for additional tower sites to fill critical coverage gaps is ongoing and escalating, especially on the western slope” (see “Appendix E: House Bill 14-1203 (Funding For Digital Trunked Radio Sys Maintenance) Accountability Report” for the full document submitted to the Committee).

There are two primary impediments to filling coverage gaps. First, one of DTRS’ zone controllers, located in Grand Junction, has reached maximum port capacity. This means that additional tower sites

cannot be added to the western slope even if new DTRS towers were to be added today. Second, OIT does not have funding to collaborate with its partnering agencies from other levels of government to share in the costs of adding equipment to new or existing tower locations to bring additional tower sites online to the network to fill coverage gaps. The agency's current appropriations are only sufficient to cover the personal services and operating expenses associated with the maintenance of existing infrastructure, including towers, network radio equipment at tower sites, microwave equipment, and system software.

Recommendation

Staff recommends that the Committee consider two actions to address coverage gaps for public safety radio communications:

- 1 First, staff recommends that an additional zone controller be added to the network in Montrose at the State Patrol Dispatch Center. This allows for more tower sites to be added to the network on the western slope to address coverage issues. OIT is in regular communication with the Colorado State Patrol concerning this option and discussions have been favorable given the mutual benefit of adding a zone controller for the region. Additionally, OIT has enough funds, approximately \$3.0 million, in the Public Safety Communications Trust Fund to cover the costs of this zone controller. This money is available from a one-time savings achieved through negotiations between OIT and its DTRS software vendor that resulted in a long-term contract and a monetary savings for the state.

Legislation is required to accomplish this recommendation because the money in the Public Safety Communications Trust Fund from this one-time savings in the Fund originated as General Fund and is statutorily-obligated for purposes that do not include the technologies associated with a new zone controller. Specifically, statute indicates that this money can only be used for "the replacement of legacy radio equipment and hardware at radio tower sites" and for "software upgrade assurance" (Sections 24-37.5-506 (2.5)(a)(I) and (II), C.R.S.).

Staff recommends that the Committee sponsor legislation allowing for the money in the Public Safety Communications Trust Fund to be expended on "DTRS site supporting infrastructure" and "DTRS system supporting software and hardware," in addition to its current purposes. This language would accommodate the infrastructure associated with a new zone controller and allow OIT to procure the new zone controller at the Montrose facility without an additional appropriation of General Fund.

- 2 Second, staff recommends that the Committee include a provision in this legislation that transfers \$2.0 million General Fund to the Public Safety Communications Trust Fund on an annual basis for two years for OIT to work in partnership with local and regional government entities to add additional radio tower sites in areas of the state that are experiencing critical coverage gaps. OIT and its partners have identified numerous coverage gaps in various non-urban parts of the state that need to be addressed, ranging from the eastern plains to ski country to the western slope.

OIT is working aggressively with local government agencies to gain assistance in identifying known or potential sites that could be used to fill these coverage gaps. In the southwest region of the state alone, local entities have identified six existing tower sites where coverage issues exist and where DTRS equipment could be placed to eliminate the issues. OIT has the capabilities

needed to assist in adding this equipment to existing tower sites, but lacks funding to purchase the needed equipment.

Ideally, OIT would cover the costs associated with the purchase and installation of DTRS transmitters, antennas, microwave equipment, while local entities would be responsible for reaching agreements with tower site owners to add equipment to the sites, covering the costs of power to the sites, and providing emergency backup generators in case of commercial power outages. Under this ideal scenario, OIT would spend roughly \$500,000 per tower site. With staff's proposal, OIT could assist local entities in adding roughly eight DTRS sites in two years. Note, the numbers shown here represent staff's attempt to generalize tower site needs to provide the Committee with an idea of the funding scope needed to solve coverage gaps. No two coverage gaps are the same and no two towers are the same, thus costs may vary from site-to-site.

To ensure that local entities are engaged in the site location identification and site preparation, staff recommends that statutory language indicate that the \$2.0 million transferred from the General Fund to the Public Safety Communications Trust Fund be expended with priority given to locations that are the most site ready (existing tower and building for OIT to add equipment), solve a known coverage issue, and provide benefit to both state (e.g. Colorado State Patrol) and local government first responders (e.g. county sheriff).

Staff is aware that recommending two years of General Fund transfers in the amount of \$2.0 million for this purpose will not solve even half of the identified coverage gaps across the state. The recommendation was put forth for this limited scope, however, to provide OIT and its partners an opportunity to demonstrate that, with funding, they can successfully work together to solve coverage issues in a manner that is mutually beneficial. Staff recommends that OIT be statutorily-required to report on its performance with the appropriated funds so that the General Assembly can decide whether to continue this funding mechanism after two years.

ISSUE: FUNDING THE COLORADO ENERGY OFFICE

The Colorado Energy Office (CEO) has a variety of statutory duties related to the promotion of renewable and non-renewable energy sources. For FY 2017-18, the Office did not receive state funding to meet these obligations. In absence of state funding, CEO received permission to repurpose federal grant funds to backfill its operations for FY 2017-18, but these funds may only be used in support of a narrow range of the Office's statutory purposes. For FY 2018-19, CEO requests General Fund for its operations so that it is able to meet its full array of statutory mandates.

SUMMARY

- House Bill 12-1315 (Reorganization Of Governor's Energy Office) changed the statutory focus of CEO from promoting renewable energy and energy efficiency to encouraging all sources of energy development. This includes clean and renewable energy, such as wind, hydroelectricity, solar, and geothermal, as well as innovation in traditional energy sources, such as oil and other petroleum products, coal, and natural gas.
- For five consecutive fiscal years, statute mandated that the Office receive a transfer of \$1.6 General Fund and \$1.5 from severance tax revenue to support its statutorily-obligated programming. The final transfers of these funds occurred on July 1, 2016. CEO's statutory obligations were not repealed on this date, though, and remain in effect today.
- The reauthorization of these two transfers for five additional fiscal years from FY 2017-18 through FY 2021-22 was requested by the Office in the prior legislative session. The Joint Budget Committee (JBC) set-aside \$3.1 million General Fund for FY 2017-18 to account for the costs associated with any legislation developed by non-JBC members related to reauthorizing funding. Legislative efforts were not successful. A subsequent emergency supplemental request for up to \$3.1 million General Fund for FY 2017-18 was rejected by the JBC in June 2017.
- CEO worked with its federal partners at the U.S. Department of Energy to repurpose \$3.1 million from a federal grant to cover the costs of the Office in the absence of state funding. These funds are only available to support federally-pre-approved programs and cannot be used to support statutory obligations associated many of CEO's programs, including programs related to promoting innovative uses of non-renewable energy sources.
- The Office requests an appropriation of \$3.1 million General Fund to cover its operational costs with a source of money that can be used to align its programming with its statutory obligations across all of Colorado's energy economy sectors.

RECOMMENDATION

Staff recommends that, during the figure setting process, the Committee favorably consider including \$3.1 million General Fund in the FY 2018-19 Long Bill for Office's operations. This recommendation ensures that existing statutory obligations put in place by the General Assembly are fulfilled, while still allowing for other members of the General Assembly to introduce legislation to change those statutory obligations and adjust the funding level contained in the FY 2018-19 Long Bill, accordingly.

DISCUSSION

Background

Beginning on July 1, 2012, via H.B. 12-1315 (Reorganization Of Governor's Energy Office), the focus of the Colorado Energy Office (CEO) statutorily changed from promoting renewable energy and energy efficiency to encouraging all sources of energy development. Specifically, the post-2012 statutory mission (Section 24-38.5-102, (1)(a), C.R.S.) of the Office is to promote:

- The renewable energy standard, as established in statute (Section 40-2-124, C.R.S.);
- Clean and renewable energy, such as wind, hydroelectricity, solar, and geothermal;
- Cleaner energy sources such as biogas and biomass;
- Traditional energy sources such as oil and other petroleum products, coal, and natural gas;
- Energy efficiency technologies and practices;
- Cleaner technologies by utilizing traditional, Colorado-sourced energy; and
- New energy technologies as described in statute (Section 40-2-123, C.R.S.).

To accomplish its statutory mandates, the activities of the Office are focused on seven areas: agriculture, commercial buildings, public buildings, residential buildings, low-income energy services, transportation, and policy and research. These activities are performed by staff across six units:

- Transportation Fuels and Technology;
- Low-income and Residential Energy Services;
- Commercial and Industrial Energy Services;
- Policy and Regulatory Affairs;
- Communications and Outreach; and
- Operations.

Funding for the Office

Statute calls for transfers of state money into different cash funds to support the Office's functions. The transfers are as follows:

COLORADO ENERGY OFFICE CASH FUND TRANSFERS			
Cash Fund	Source	Amount	Final Statutory Transfer
Weatherization Low-Income Energy Assistance Fund <i>Purpose: Energy efficiency services for low-income households</i>	Severance Tax Tier 2	*\$6,500,000	July 1, 2023
Energy Outreach Low-Income Energy Assistance Fund <i>Purpose: Utility bill payment assistance for low-income households</i>	Severance Tax Tier 2	*\$3,250,000	July 1, 2023
Clean and Renewable Energy Fund <i>Purpose: CEO operations</i>	General Fund	\$1,600,000	July 1, 2016
Innovative Energy Fund <i>Purpose: CEO operations</i>	Severance Tax Off-the-top	\$1,500,000	July 1, 2016

*Amount of transfer varies by the total amount of severance taxes collected by the state. For FY 2018-19, the latest projections indicate that the Weatherization Low-Income Energy Assistance Fund will receive a transfer of \$4.3 million and the Energy Outreach Low-Income Energy Assistance Fund will receive a transfer of \$2.2 million. Note, the funds transferred to the Energy Outreach Low-Income Energy Assistance Fund are passed through directly to Energy Outreach Colorado and are not retained by the Colorado Energy Office.

As shown in the previous table, transfers into the two cash funds that provide money for the Office's operations ended on July 1, 2016. Specifically, CEO received its final annual transfer of \$1.6 million

General Fund to the Clean and Renewable Energy Fund on July 1, 2016. This transfer occurred for five consecutive fiscal years. Additionally, the Office received its final annual transfer of \$1.5 million of “off-the-top” severance tax money to the Innovative Energy Fund on July 1, 2016. This transfer occurred for five consecutive fiscal years, as well. It is important to note that only the transfers of money into these two cash funds ended on July 1, 2016. CEO’s statutory obligations were not repealed and remain in effect today.

The Office also receives a variety of federal funds to support its agriculture, low-income energy assistance, and transportation program areas. These funds come from the U.S. Department of Agriculture (supports agriculture programming), U.S. Department of Energy and U.S. Department of Health and Human Services (supports low-income energy services programming), and U.S. Department of Transportation (supports transportation programming).

Efforts to Fund CEO’s Operations Past FY 2016-17

Beginning with the November budget request for FY 2017-18, the Office sought legislation to reauthorize these two transfers for five additional fiscal years from FY 2017-18 through FY 2021-22 so that it could continue to accomplish its statutorily-mandated responsibilities. The Joint Budget Committee (JBC) reviewed this request and determined its preference to have the proposal vetted by a committee of reference or other members of the General Assembly with energy policy interests. The Committee set-aside \$3.1 million General Fund for FY 2017-18 to account for the costs associated with any legislation developed by non-JBC members related to reauthorizing funding for CEO. Subsequently, two bills were offered during the 2017 session to address CEO’s funding needs:

- Senate Bill 17-301 (Energy-related Statutes) – Made a variety of policy changes to change the role of the Office and transferred \$2.1 million General Fund into two cash funds for four years to cover the costs of CEO’s operations for FY 2017-18 through FY 2020-21. This bill was deemed postponed indefinitely after the Senate adhered to its version of the bill and the House did not take up consideration of the Senate’s adherence.
- House Bill 17-1373 (Gen Fund Transfers For CO Energy Ofc Cash Funds) – Transferred \$3.1 million General Fund into two cash funds for one year to cover the costs of CEO’s operations for FY 2017-18. This bill was postponed indefinitely by the Senate Committee on State, Veterans, and Military Affairs.

Following the defeat of S.B. 17-301 and H.B. 17-1373 during the legislative session, the Office requested up to \$3.1 million General Fund for FY 2017-18 through an emergency supplemental request in June 2017 to continue its statutorily-mandated responsibilities, and continue delivering energy services to consumers and the energy industry. The Joint Budget Committee voted 3-3 on this request during its June 20, 2017 meeting, thus denying the request for funding.

The Aftermath

After the denial of the agency’s emergency supplemental, CEO worked with its federal partners at the U.S. Department of Energy to secure \$3.1 million federal funds for FY 2017-18 to cover the costs of the Office in the absence of state funding. This money is available to Colorado from a previously awarded grant from the federal American Recovery and Reinvestment Act of 2009 (ARRA) that the Office received permission to repurpose. This funding allowed the Office to avoid staff layoffs and

restructure programmatic functions to ready itself for an uncertain funding future. This funding source does not come without strings, however.

Federal money from an existing ARRA grant is only available to support federally-pre-approved programs related to energy efficiency, some renewable energy innovation, and alternative fuel transportation buildout. This money cannot be used to support the statutory obligations associated with innovation in non-renewable energy sources (oil and other petroleum products, coal, and natural gas) and several other programmatic areas that the General Assembly has directed CEO to undertake.

Proposed Solution

The Office indicates that a General Fund appropriation is required for FY 2018-19 to cover its operational costs with a source of money that can be used to align its programming with its statutory obligations across all of Colorado's energy economy sectors. The agency indicates that the federal restrictions on existing ARRA grant funds are severely hampering its ability to fulfill the General Assembly's directives and priorities, especially as it relates to traditional energy sources. As such, CEO requests an appropriation of \$3.1 million General Fund for FY 2018-19.

Recommendation

The Committee has several options related to this request:

- 1 The Committee may wish to include \$3.1 million General Fund in the FY 2018-19 Long Bill for CEO's operations, as requested. This option allows the Office to fulfill its statutory obligations.
- 2 The Committee may wish to placeholder \$3.1 million General Fund for FY 2018-19, assuming that a non-JBC member will introduce legislation to make policy changes to the Office's charge and provide funding for the new and/or amended charges. This approach mirrors that taken by the Committee during the 2017 legislative session.
- 3 The Committee may wish to reject the request. With this option, the Office would still have the ability to work with a member(s) of the General Assembly to introduce legislation to fund its operations. Under this option, legislation would compete for funding with all other bills in the appropriations process. If funding is denied through legislation, the Office may request permission from the federal government to repurpose ARRA grant funds for a second consecutive year to fund its operations.
- 4 The Committee may wish to reject the request and assume that no other members of the General Assembly will author legislation to fund its operations. Under this option, the Office may request permission from the federal government to repurpose ARRA grant funds for a second consecutive year to fund its operations.

Staff recommends that, during the figure setting process, the Committee favorably consider including \$3.1 million General Fund in the FY 2018-19 Long Bill for CEO's operations (#1 in the list above). Staff's recommendation is based on two factors:

- It is not in the General Assembly's best interest to cede to the federal government a decision on what programs can and cannot be administered by a state agency, especially in cases where state statute exists to guide such programs. By allowing the federal government to provide all of the

funding for CEO, the General Assembly's priorities are not fulfilled by the agency. In this particular instance, federal funds are limiting the Office's ability to support to innovation in traditional energy sources (oil and other petroleum products, coal, and natural gas) and other General Assembly programming preferences. Providing state funding for the Office's operations ensures that the General Assembly's stated priorities are carried out.

- Appropriating state money to the Office in the FY 2018-19 Long Bill refocuses the conversation on the policy that governs the agency rather than the policy and the funding. As occurred last year, when agreements cannot be reached on policy and funding decisions by the General Assembly, the Office is faced with a dilemma of having statutory obligations without a funds to accomplish those obligations. Staff's recommendation affords the General Assembly the ability to introduce legislation to change the focus of CEO programming and adjust funding levels in the FY 2018-19 Long Bill, accordingly, while maintaining state funding for existing statutory duties in case legislative initiatives are unsuccessful.

ISSUE: CAPITAL CONSTRUCTION INFORMATION TECHNOLOGY PROJECTS FUNDING REQUESTS

Executive branch agencies request \$26.9 million total funds, including \$17.5 million General Fund, for FY 2018-19 for seven new and continuing capital construction information technology projects. Additionally, the Colorado Commission on Higher Education requests \$4.4 million total funds, including \$4.3 million General Fund, for FY 2017-18 for six new capital construction information technology projects.

SUMMARY

- Senate Bill 14-169 (Office Of Information Technology Reports To GA), sponsored by the Joint Budget Committee, requires the Governor's Office of Information Technology (OIT) and the Office of State Planning and Budgeting to prioritize information technology-related budget requests from State executive branch agencies.
- Executive branch agencies submitted seven prioritized proposals for new and continuing capital construction information technology projects for FY 2018-19. The requested projects represent a total funds decrease of 53.7 percent, including a General Fund decrease of 8.9 percent, compared to the current FY 2017-18 appropriation for executive branch projects.
- The Colorado Commission on Higher Education submitted six prioritized projects for new capital construction information technology projects. The requested projects represent a total funds increase of 636.7 percent, including a General Fund increase of 613.5 percent, compared to the current FY 2017-18 appropriation for Commission projects.
- House Bill 14-1395 (Information Technology Budget Requests) requires the Joint Technology Committee to review each of the information technology projects submitted as capital construction requests and report back to the Joint Budget Committee with a prioritized list of recommendations on each of the requests by February 15th each year.

RECOMMENDATION

Staff recommends that Joint Budget Committee raise any questions or concerns with individual capital construction projects in one of two ways. First, if the question is technical in nature (e.g. what is the advantage of using a cloud-based solution for an electronic health record versus hosting the application internally?), the Committee may wish to have it added to the hearing agenda for response by OIT (in conjunction with the requesting agency). Second, if the question concerns the programmatic business processes as they relate to a request (e.g. how does the request for an electronic health records system fit within the future plan of the Department's regional centers?), the Committee may wish to have it added to the hearing agenda for response by the requesting agency (e.g. Department of Human Services). Staff will ensure that all questions are placed on the appropriate hearing agenda.

DISCUSSION

Background

The Joint Budget Committee will be asked to consider each of the following capital information technology projects for funding during the figure setting process. Per H.B. 14-1395 (Information Technology Budget Requests), the Joint Technology Committee is tasked with producing written reports setting forth recommendations, prioritization, findings, and other comments with respect to each information technology budget request submitted as capital construction requests. The reports must be submitted to the Joint Budget Committee by February 15th of each year. The Joint Budget Committee is required to consider the prioritized list of information technology budget requests made by the Joint Technology Committee, and, if the Joint Budget Committee alters the determinations of priority established by the Joint Technology Committee, the Joint Budget Committee is required to notify the Joint Technology Committee of the changes and allow for a joint meeting of the two committees to discuss the differences.

Comparing FY 2018-19 Requests to Current FY 2017-18 Appropriations

The total FY 2018-19 appropriation request for capital construction information technology projects represents a total funds decrease of 46.7 percent, including a General Fund increase of 9.9 percent, compared to the current FY 2017-18 appropriation for capital construction information technology projects. The following table summarizes this comparison by dollar amount.

CAPITAL CONSTRUCTION INFORMATION TECHNOLOGY APPROPRIATIONS COMPARISON		
	TOTAL FUNDS	GENERAL FUND
Executive Branch		
FY 2017-18 Current Appropriation	\$58,201,059	\$19,256,515
FY 2018-19 Requested Appropriation	\$26,935,586	\$17,537,760
Difference	(\$31,265,473)	(\$1,718,755)
Colorado Commission on Higher Education		
FY 2017-18 Current Appropriation	\$599,000	\$599,000
FY 2018-19 Requested Appropriation	\$4,412,965	\$4,273,705
Difference	\$3,813,965	\$3,674,705
Totals		
FY 2017-18 Current Appropriation	\$58,800,059	\$19,855,515
FY 2018-19 Requested Appropriation	\$31,348,551	\$21,811,465
Difference	(\$27,451,508)	\$1,955,950

FY 2018-19 Executive Branch Capital Construction Information Technology Requests

The executive branch (not including the Colorado Commission on Higher Education) submitted a prioritized list of seven projects to the Joint Technology Committee and the Joint Budget Committee for funding for FY 2018-19. The following table summarizes the requests. Following the table, staff has included a brief write-up of each request, including a table of “Total Capital Construction Costs of the Project” to give the Committee the scope of the entire project for each request.

FY 2018-19 CAPITAL CONSTRUCTION INFORMATION TECHNOLOGY PROJECTS PRIORITIZED REQUEST LIST SUBMITTED BY THE OFFICE OF STATE PLANNING AND BUDGETING (OSPB)				
OSPB PRIORITY	REQUESTING AGENCY	Project Name	TOTAL FUNDS	GENERAL FUND
1	Human Services	IT Systems Interoperability, Phase 4 of 5	\$500,000	\$50,000
2	Office of Information Technology	HRWorks	7,414,260	7,414,260
3	Office of Information Technology	Strategic IT Infrastructure Needs	5,122,000	5,122,000
4	Education	Information Management System	2,331,000	2,331,000
5	Public Health and Environment	Colorado Vital Information System Replacement	2,440,000	745000
6	Office of Information Technology / Health Care Policy and Financing	Colorado Health IT Roadmap Initiatives	6,605,000	1,875,500
7	Natural Resources	Parks and Wildlife Law Enforcement Records	2,523,326	0
Total			\$26,935,586	\$17,537,760

IT SYSTEMS INTEROPERABILITY, PHASE 4 OF 5 (HUMAN SERVICES): The request seeks \$500,000 total funds, including \$50,000 General Fund, for FY 2018-19 for the fourth phase of a five phase project for the Department of Human Services to standardize all existing information technology systems the agency uses in an effort to allow the data contained in the systems to be made available without removing the data from the core systems. The solution is creating interfaces to access the data directly rather than exporting data from the core systems for import into other systems. The following table summarizes the total capital construction costs of the project.

IT SYSTEMS INTEROPERABILITY, PHASE 4 OF 5 TOTAL CAPITAL CONSTRUCTION COSTS OF THE PROJECT		
FISCAL YEAR	TOTAL FUNDS	GENERAL FUND
FY 2015-16 Appropriation	\$12,815,940	\$1,281,594
FY 2016-17 Appropriation	9,288,520	928,852
FY 2017-18 Appropriation	10,611,880	1,061,188
FY 2018-19 Request	500,000	50,000
FY 2019-20 Estimate	20,723,760	2,072,376
Total	\$53,940,100	\$5,394,010

HRWORKS (GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY): The request seeks \$7,414,260 General Fund for OIT for FY 2018-19 to implement the time and leave tracking component in the Human Resources Information System (HRIS), which has been rebranded as "HRWorks." The following table summarizes the total capital construction costs of the project.

HRWORKS TOTAL CAPITAL CONSTRUCTION COSTS OF THE PROJECT		
FISCAL YEAR	TOTAL FUNDS	GENERAL FUND
FY 2014-15 Appropriation	\$31,288,801	\$31,288,801
FY 2017-18 Supplemental Appropriation Request	2,888,529	2,888,529
FY 2018-19 Request	7,414,260	7,414,260
Total	\$41,591,590	\$41,591,590

OIT, in conjunction with the Department of Personnel (DPA), requested an emergency supplemental appropriation of \$2,888,529 General Fund for FY 2017-18 for the first phase of implementing the

time and leave tracking solution. On September 20, 2017, the Joint Budget Committee (JBC) met and considered this emergency supplemental request. The JBC voted at this meeting to request that the Joint Technology Committee (JTC) review this funding request to study concerns brought forth by members of the JBC. On October 3, 2017, the JTC reviewed the request and subsequently voted 2 to 4 against approval of the emergency supplemental request for HRIS. Following the JTC's vote, the JBC opted to table a decision on funding this request. OIT and the Department of Personnel indicate that the project will run out of funds for completion of HRWorks by March 2018.

On November 6, 2017, OIT and DPA submitted the following request to the Joint Technology Committee:

“OIT and DPA respectfully request a meeting with the Joint Technology Committee to continue discussions on the HRWorks emergency supplemental request and the ability to save the state money, reduce risk and increase functionality. Changing the time and leave solution was a difficult decision, but it is our fiscal responsibility to look for cost savings and bring the request to the Joint Budget Committee and Joint Technology Committee. The consequences of stopping the HRWorks project are too great for the state, taxpayers, and employees.”

Staff has included the full text of this letter in this document as “Appendix G: HRWorks / HRIS Letter to the Joint Technology Committee.”

STRATEGIC IT INFRASTRUCTURE NEEDS (GOVERNOR’S OFFICE OF INFORMATION TECHNOLOGY): The request includes \$5,122,000 General Fund for OIT for FY 2018-19 to repair the Lakewood Data Center, including implementing technologies to tie together the state’s infrastructure (servers, networks, and applications), as well as electrical and cooling improvements. The following table summarizes the total capital construction costs of the project.

STRATEGIC IT INFRASTRUCTURE NEEDS TOTAL CAPITAL CONSTRUCTION COSTS OF THE PROJECT		
FISCAL YEAR	TOTAL FUNDS	GENERAL FUND
FY 2018-19 Request	\$5,122,000	\$5,122,000
FY 2019-20 Estimate	5,264,000	5,264,000
Total	\$10,386,000	\$10,386,000

INFORMATION MANAGEMENT SYSTEM (EDUCATION): The request includes \$2,331,000 General Fund for FY 2017-18 for the Department of Education to update its infrastructure and make security and data privacy improvements. Note, this request has a corresponding operating request that was submitted for FY 2018-19 in the amount of \$462,865 General Fund and 3.0 FTE to successfully implement the capital request. The following table summarizes the total capital construction costs of the project.

INFORMATION MANAGEMENT SYSTEM TOTAL CAPITAL CONSTRUCTION COSTS OF THE PROJECT		
FISCAL YEAR	TOTAL FUNDS	GENERAL FUND
FY 2018-19 Request	\$2,331,000	\$2,331,000
Total	\$2,331,000	\$2,331,000

COLORADO VITAL INFORMATION SYSTEM REPLACEMENT (PUBLIC HEALTH AND ENVIRONMENT): The request seeks \$2,440,000 total funds, including \$745,000 General Fund, for FY 2018-19 for the Department of Public Health and Environment to replace the Colorado Vital Information System. COVIS, as it is known, is used to issue birth and death certificates. Note, the Department indicates that this request will necessitate an increase of \$7 increase to the birth certificate fee. The following table summarizes the total capital construction costs of the project.

COLORADO VITAL INFORMATION SYSTEM REPLACEMENT TOTAL CAPITAL CONSTRUCTION COSTS OF THE PROJECT		
FISCAL YEAR	TOTAL FUNDS	GENERAL FUND
FY 2018-19 Request	\$2,440,000	\$745,000
Total	\$2,440,000	\$745,000

COLORADO HEALTH IT ROADMAP INITIATIVES (GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY / HEALTH CARE POLICY AND FINANCING): The request includes \$6,605,000 total funds, including \$1,875,500 General Fund, for FY 2018-19 for OIT and the Department of Health Care Policy and Financing to implement initiatives of the Colorado Health IT Roadmap for a variety of purposes, including data quality improvement, reporting upgrades, integrating cost and quality data, and using information technology to benefit coordination of care. The following table summarizes the total capital construction costs of the project.

COLORADO HEALTH IT ROADMAP INITIATIVES TOTAL CAPITAL CONSTRUCTION COSTS OF THE PROJECT		
FISCAL YEAR	TOTAL FUNDS	GENERAL FUND
FY 2018-19 Request	\$6,605,000	\$1,875,500
FY 2019-20 Estimate	11,508,333	1,150,833
FY 2020-21 Estimate	4,450,000	445,000
Total	\$22,563,333	\$3,471,333

PARKS AND WILDLIFE LAW ENFORCEMENT RECORDS (NATURAL RESOURCES): The request seeks \$2,523,326 cash funds for FY 2018-19 for the Department of Natural Resources to replace two separate and incompatible law enforcement records systems with one records management system. The costs of the project will be shared by the Parks and Outdoor Recreation Cash Fund and the Wildlife Cash Fund. The following table summarizes the total capital construction costs of the project.

PARKS AND WILDLIFE LAW ENFORCEMENT RECORDS TOTAL CAPITAL CONSTRUCTION COSTS OF THE PROJECT		
FISCAL YEAR	TOTAL FUNDS	GENERAL FUND
FY 2019-20 Request	\$2,523,326	\$0
Total	\$2,523,326	\$0

FY 2018-19 Colorado Commission on Higher Education Capital Construction Information Technology Requests

The Colorado Commission on Higher Education submitted a prioritized list of six projects to the Joint Technology Committee and the Joint Budget Committee for funding for FY 2018-19. The following table summarizes the requests. Note, all submittals by the Colorado Commission on Higher Education assume no further appropriation past FY 2018-19 is needed for project completion. Thus, no table of "Total Capital Construction Costs of the Project" table is shown for the requests summarized below.

FY 2017-18 CAPITAL CONSTRUCTION INFORMATION TECHNOLOGY PROJECTS PRIORITIZED REQUEST LIST SUBMITTED BY THE COLORADO COMMISSION ON HIGHER EDUCATION (CCHE)				
CCHE PRIORITY	AGENCY	PROJECT	TOTAL FUNDS	GENERAL FUND
1	Pikes Peak Community College	Campus Emergency Notification and Power	\$524,865	\$524,865
2	Community College of Denver	Storage and Virtualization Project	1,129,604	1,005,344
3	Lamar Community College	Technology Infrastructure	784,886	769,886
4	Trinidad State Junior College	Technology Infrastructure	615,310	615,310
5	Pueblo Community College	Security (Intrusion Detection) and Internal Door Access	815,000	815,000
6	Otero Community College	Technology and Communication Upgrades	543,300	543,300
Total			\$4,412,965	\$4,273,705

CAMPUS EMERGENCY NOTIFICATION AND POWER (PIKES PEAK COMMUNITY COLLEGE): The request includes \$524,865 General Fund for FY 2018-19 for Pikes Peak Community College to install emergency audible and visual alert notification devices in hallways, indoor open spaces, and the outdoor areas near building entrances on its three campuses. Additionally, the College's request includes funding to install power infrastructure to support the notification system.

STORAGE AND VIRTUALIZATION PROJECT (COMMUNITY COLLEGE OF DENVER): The request includes \$1,129,604 total funds, including \$1,005,344 General Fund, for FY 2018-19 for the Community College of Denver to update its network storage capabilities and server infrastructure.

TECHNOLOGY INFRASTRUCTURE (LAMAR COMMUNITY COLLEGE): The request seeks \$784,886 total funds, including \$769,886 General Fund, for FY 2018-19 for Lamar Community College to upgrade its instructional technology, office and classroom computer systems, servers, telephones, and digital signage.

TECHNOLOGY INFRASTRUCTURE (TRINIDAD STATE JUNIOR COLLEGE): The request includes \$615,310 General Fund for FY 2018-19 for Trinidad State Junior College to replace and upgrade its network infrastructure, including wireless network capabilities, disaster recovery systems, and video surveillance equipment.

SECURITY (INTRUSION DETECTION) AND INTERNAL DOOR ACCESS (PUEBLO COMMUNITY COLLEGE): The request seeks \$815,000 General Fund for FY 2018-19 for Pueblo Community College to upgrade its internal building and perimeter security systems.

TECHNOLOGY AND COMMUNICATION UPGRADES (OTERO COMMUNITY COLLEGE): The request includes \$543,300 General Fund for FY 2018-19 for Otero Community College to replace all telephone handsets, as well as all of its classroom-based telephones. The request also seeks funds to replace video and audio instruction equipment and adding equipment to classrooms that lack these capabilities.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING

John Hickenlooper, Governor

(1) OFFICE OF THE GOVERNOR

Includes the core functions of a traditional executive director's office and the Colorado Energy Office.

(A) Governor's Office

Administration of Governor's Office and Residence	<u>2,301,889</u>	<u>2,370,231</u>	<u>2,467,430</u>	<u>3,568,478</u> *	
FTE	31.4	32.4	32.4	32.4	
General Fund	2,301,889	2,370,231	2,370,231	3,024,625	
Cash Funds	0	0	97,199	102,849	
Reappropriated Funds	0	0	0	441,004	
Discretionary Fund	<u>0</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	
General Fund	0	19,500	19,500	19,500	
Mansion Activity Fund	<u>191,133</u>	<u>220,000</u>	<u>220,000</u>	<u>238,266</u>	
Cash Funds	191,133	220,000	220,000	238,266	

SUBTOTAL - (A) Governor's Office	2,493,022	2,609,731	2,706,930	3,826,244	41.3%
FTE	<u>31.4</u>	<u>32.4</u>	<u>32.4</u>	<u>32.4</u>	<u>0.0%</u>
General Fund	2,301,889	2,389,731	2,389,731	3,044,125	27.4%
Cash Funds	191,133	220,000	317,199	341,115	7.5%
Reappropriated Funds	0	0	0	441,004	0.0%

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
(B) Special Purpose					
Health, Life, and Dental	827,191	928,817	1,333,361	1,441,286	
General Fund	525,046	467,873	321,822	703,468	
Cash Funds	0	167,616	431,352	388,827	
Reappropriated Funds	192,740	165,400	425,572	134,754	
Federal Funds	109,405	127,928	154,615	214,237	
Short-term Disability	17,942	24,539	22,656	23,787	
General Fund	11,716	10,802	10,606	12,376	
Cash Funds	0	8,601	7,066	5,640	
Reappropriated Funds	3,645	2,923	3,304	2,952	
Federal Funds	2,581	2,213	1,680	2,819	
S.B. 04-257 Amortization Equalization Disbursement	360,782	558,299	599,846	718,301	
General Fund	235,632	284,432	287,400	373,732	
Cash Funds	0	138,629	188,522	170,310	
Reappropriated Funds	73,319	76,956	79,606	89,140	
Federal Funds	51,831	58,282	44,318	85,119	
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	348,488	553,550	600,071	718,526	
General Fund	227,599	281,469	287,400	373,732	
Cash Funds	0	138,252	188,747	170,535	
Reappropriated Funds	70,825	76,154	79,606	89,140	
Federal Funds	50,064	57,675	44,318	85,119	

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Salary Survey	<u>89,778</u>	<u>0</u>	<u>229,404</u>	<u>466,968</u>	
General Fund	58,589	0	109,501	242,965	
Cash Funds	0	0	72,688	110,736	
Reappropriated Funds	18,280	0	30,337	57,929	
Federal Funds	12,909	0	16,878	55,338	
Merit Pay	<u>87,253</u>	<u>0</u>	<u>101,620</u>	<u>0</u>	
General Fund	59,178	0	48,403	0	
Cash Funds	0	0	32,253	0	
Reappropriated Funds	16,818	0	13,470	0	
Federal Funds	11,257	0	7,494	0	
Workers' Compensation	<u>48,926</u>	<u>60,189</u>	<u>72,454</u>	<u>56,126</u>	
General Fund	40,502	49,826	59,061	45,751	
Reappropriated Funds	8,424	10,363	13,393	10,375	
Federal Funds	0	0	0	0	
Legal Services	<u>224,948</u>	<u>416,192</u>	<u>492,414</u>	<u>312,317</u>	
General Fund	212,136	356,244	356,244	225,950	
Reappropriated Funds	12,812	59,948	136,170	86,367	
Payment to Risk Management and Property Funds	<u>107,244</u>	<u>158,270</u>	<u>131,105</u>	<u>106,411</u>	*
General Fund	102,004	150,537	123,038	99,468	
Reappropriated Funds	5,240	7,733	8,067	6,943	

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Vehicle Lease Payments	<u>0</u>	<u>900</u>	<u>3,212</u>	<u>2,524</u>	*
General Fund	0	900	3,171	2,524	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	41	0	
Federal Funds	0	0	0	0	
Capitol Complex Leased Space	<u>485,166</u>	<u>328,535</u>	<u>395,375</u>	<u>363,710</u>	
General Fund	408,842	276,852	328,168	301,886	
Reappropriated Funds	76,324	51,683	67,207	61,824	
Payments to OIT	<u>1,540,635</u>	<u>4,930</u>	<u>274,446</u>	<u>62,586</u>	*
General Fund	1,469,323	4,930	270,969	62,586	
Reappropriated Funds	71,312	0	3,477	0	
CORE Operations	<u>115,630</u>	<u>370,445</u>	<u>96,744</u>	<u>57,168</u>	
General Fund	57,036	179,943	37,452	22,131	
Cash Funds	58,594	73,531	24,502	14,479	
Reappropriated Funds	0	42,842	10,159	6,003	
Federal Funds	0	74,129	24,631	14,555	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,978</u>	
Cash Funds	0	0	0	7,978	
SUBTOTAL - (B) Special Purpose	4,253,983	3,404,666	4,352,708	4,337,688	(0.3%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	3,407,603	2,063,808	2,243,235	2,466,569	10.0%
Cash Funds	58,594	526,629	945,130	868,505	(8.1%)
Reappropriated Funds	549,739	494,002	870,409	545,427	(37.3%)
Federal Funds	238,047	320,227	293,934	457,187	55.5%

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(C) Colorado Energy Office

Program Administration	<u>11,639,672</u>	<u>13,784,219</u>	<u>3,623,542</u>	<u>6,538,584</u> *	
FTE	21.9	8.3	8.3	24.8	
General Fund	0	0	70,000	2,960,670	
Cash Funds	5,625,710	8,026,979	0	0	
Federal Funds	6,013,962	5,757,240	3,553,542	3,577,914	
Low-Income Energy Assistance	<u>10,440,564</u>	<u>693,374</u>	<u>6,500,000</u>	<u>6,500,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	10,440,564	693,374	6,500,000	6,500,000	
Electric Vehicle Charging Station Grants	<u>82,750</u>	<u>168,060</u>	<u>313,000</u>	<u>313,000</u>	
Cash Funds	82,750	168,060	313,000	313,000	
Legal Services	<u>0</u>	<u>104,555</u>	<u>111,675</u>	<u>128,257</u>	
General Fund	0	0	77,299	93,881	
Cash Funds	0	70,179	0	0	
Federal Funds	0	34,376	34,376	34,376	
Vehicle Lease Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,212</u> *	
General Fund	0	0	0	3,171	
Reappropriated Funds	0	0	0	41	
Leased Space	<u>0</u>	<u>0</u>	<u>0</u>	<u>209,330</u> *	
General Fund	0	0	0	209,330	

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Indirect Cost Assessment	<u>94,255</u>	<u>31,530</u>	<u>31,530</u>	<u>155,460</u>	
Cash Funds	94,255	31,530	0	0	
Federal Funds	0	0	31,530	155,460	
School Energy Efficiency	<u>207,571</u>	<u>194,500</u>	<u>0</u>	<u>0</u>	
FTE	1.8	0.0	0.0	0.0	
Cash Funds	207,571	194,500	0	0	
SUBTOTAL - (C) Colorado Energy Office	22,464,812	14,976,238	10,579,747	13,847,843	30.9%
FTE	<u>23.7</u>	<u>8.3</u>	<u>8.3</u>	<u>24.8</u>	<u>198.8%</u>
General Fund	0	0	147,299	3,267,052	2118.0%
Cash Funds	16,450,850	9,184,622	6,813,000	6,813,000	0.0%
Reappropriated Funds	0	0	0	41	0.0%
Federal Funds	6,013,962	5,791,616	3,619,448	3,767,750	4.1%
(D) Other Programs and Grants					
Disabled Parking Education	<u>202,101</u>	<u>186,521</u>	<u>251,000</u>	<u>251,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	202,101	186,521	250,000	250,000	
Cash Funds	0	0	1,000	1,000	
Office of Marijuana Coordination	<u>199,774</u>	<u>216,944</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	199,774	216,944	0	0	
SUBTOTAL - (D) Other Programs and Grants	401,875	403,465	251,000	251,000	0.0%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	202,101	186,521	250,000	250,000	0.0%
Cash Funds	199,774	216,944	1,000	1,000	0.0%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
TOTAL - (1) Office of the Governor	29,613,692	21,394,100	17,890,385	22,262,775	24.4%
<i>FTE</i>	<u>55.1</u>	<u>40.7</u>	<u>40.7</u>	<u>57.2</u>	<u>40.5%</u>
General Fund	5,911,593	4,640,060	5,030,265	9,027,746	79.5%
Cash Funds	16,900,351	10,148,195	8,076,329	8,023,620	(0.7%)
Reappropriated Funds	549,739	494,002	870,409	986,472	13.3%
Federal Funds	6,252,009	6,111,843	3,913,382	4,224,937	8.0%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(2) OFFICE OF THE LIEUTENANT GOVERNOR

The Office of the Lieutenant Governor directly oversees the Colorado Commission of Indian Affairs, Commission on Community Service, and other initiatives. The Lieutenant Governor temporarily takes the Governor's place if the Governor is out of Colorado or is unable to perform his/her duties.

Administration	<u>274,831</u>	<u>350,135</u>	<u>350,135</u>	<u>471,443</u>	*
FTE	2.7	2.7	2.7	2.7	
General Fund	274,831	350,135	350,135	471,443	
Discretionary Fund	<u>2,747</u>	<u>2,875</u>	<u>2,875</u>	<u>2,875</u>	
General Fund	2,747	2,875	2,875	2,875	
Commission of Indian Affairs	<u>84,257</u>	<u>86,017</u>	<u>154,291</u>	<u>244,291</u>	*
FTE	2.3	3.2	3.2	4.2	
General Fund	84,257	86,017	153,107	243,107	
Cash Funds	0	0	1,184	1,184	
Colorado Student Leaders Institute Pilot	<u>218,825</u>	<u>290,340</u>	<u>0</u>	<u>0</u>	
FTE	1.0	1.0	0.0	0.0	
Cash Funds	0	71,515	0	0	
Reappropriated Funds	218,825	218,825	0	0	
TOTAL - (2) Office of the Lieutenant Governor	580,660	729,367	507,301	718,609	41.7%
FTE	<u>6.0</u>	<u>6.9</u>	<u>5.9</u>	<u>6.9</u>	<u>16.9%</u>
General Fund	361,835	439,027	506,117	717,425	41.8%
Cash Funds	0	71,515	1,184	1,184	0.0%
Reappropriated Funds	218,825	218,825	0	0	0.0%

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(3) OFFICE OF STATE PLANNING AND BUDGETING

The Office of State Planning and Budgeting (OSPB) develops executive branch budget requests, reviews and analyzes departmental expenditures, and prepares quarterly revenue and economic estimates for the state. Additionally, the Office implements the Results First initiative, a cost benefit analysis model initially developed by the Washington State Institute for Public Policy, and now supported by the Pew-MacArthur Results First initiative, that aims to determine the monetary value of State policies and programs.

Personal Services	<u>2,108,818</u>	<u>2,138,056</u>	<u>2,638,056</u>	<u>2,671,306</u>	
FTE	19.5	20.5	20.5	20.5	
General Fund	629,470	627,274	1,127,274	1,127,274	
Reappropriated Funds	1,479,348	1,510,782	1,510,782	1,544,032	
Operating Expenses	<u>61,610</u>	<u>61,844</u>	<u>61,844</u>	<u>61,844</u>	
General Fund	10,900	10,900	10,900	10,900	
Reappropriated Funds	50,710	50,944	50,944	50,944	
Economic Forecasting Subscriptions	<u>13,015</u>	<u>16,362</u>	<u>16,362</u>	<u>16,362</u>	
Reappropriated Funds	13,015	16,362	16,362	16,362	
Evidence-based Policymaking Evaluation and Support	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>435,675</u>	*
Cash Funds	0	0	500,000	435,675	

TOTAL - (3) Office of State Planning and Budgeting	2,183,443	2,216,262	3,216,262	3,185,187	(1.0%)
FTE	<u>19.5</u>	<u>20.5</u>	<u>20.5</u>	<u>20.5</u>	0.0%
General Fund	640,370	638,174	1,138,174	1,138,174	0.0%
Cash Funds	0	0	500,000	435,675	(12.9%)
Reappropriated Funds	1,543,073	1,578,088	1,578,088	1,611,338	2.1%

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(4) ECONOMIC DEVELOPMENT PROGRAMS

The Office of Economic Development and International Trade (OEDIT) assists in strengthening Colorado's prospects for long-term economic growth by providing broad-based support to businesses. The Office's support services include business funding and incentives, promotion of creative industries, international trade assistance, tourism promotion, minority business assistance, key industry promotion (including advanced industries, aerospace, and health and wellness), and film, television, and media industry development.

Administration	<u>659,478</u>	<u>649,848</u>	<u>650,140</u>	<u>694,582</u>	
FTE	6.0	6.0	6.0	6.0	
General Fund	657,043	645,263	645,555	689,997	
Cash Funds	2,435	2,435	2,435	2,435	
Federal Funds	0	2,150	2,150	2,150	
Vehicle Lease Payments	<u>12,340</u>	<u>12,150</u>	<u>11,256</u>	<u>13,224</u>	*
General Fund	12,340	12,150	11,256	13,224	
Leased Space	<u>316,883</u>	<u>325,206</u>	<u>346,525</u>	<u>346,525</u>	
General Fund	316,883	325,206	346,525	346,525	
Global Business Development	<u>3,825,802</u>	<u>4,306,905</u>	<u>4,965,052</u>	<u>4,965,052</u>	
FTE	23.4	24.4	24.4	24.4	
General Fund	3,825,802	3,967,537	4,041,948	4,041,948	
Cash Funds	0	6,598	548,626	548,626	
Federal Funds	0	332,770	374,478	374,478	
Leading Edge Program Grants	<u>75,976</u>	<u>75,976</u>	<u>151,407</u>	<u>151,407</u>	
General Fund	75,976	75,976	75,976	75,976	
Cash Funds	0	0	75,431	75,431	

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Small Business Development Centers	<u>1,256,248</u>	<u>1,978,705</u>	<u>1,373,120</u>	<u>1,373,120</u>	
FTE	4.0	4.0	4.0	4.0	
General Fund	392,029	94,144	94,144	94,144	
Cash Funds	0	0	0	0	
Federal Funds	864,219	1,884,561	1,278,976	1,278,976	
Colorado Office of Film, Television, and Media	<u>1,189,661</u>	<u>2,399,029</u>	<u>1,250,000</u>	<u>2,519,525</u>	*
FTE	4.5	4.5	4.5	4.5	
General Fund	708,670	1,212,360	750,000	2,000,000	
Cash Funds	480,991	1,186,669	500,000	519,525	
Colorado Promotion - Colorado Welcome Centers	<u>499,999</u>	<u>500,000</u>	<u>500,000</u>	<u>516,000</u>	
FTE	3.3	3.3	3.3	3.3	
Cash Funds	499,999	500,000	500,000	516,000	
Colorado Promotion - Other Program Costs	<u>17,682,778</u>	<u>18,536,333</u>	<u>18,500,000</u>	<u>18,522,500</u>	
FTE	4.0	4.0	4.0	4.0	
General Fund	4,000,000	4,000,000	4,000,000	4,000,000	
Cash Funds	13,682,778	14,536,333	14,500,000	14,522,500	
Colorado Promotion – Agritourism	<u>0</u>	<u>476,171</u>	<u>600,000</u>	<u>600,000</u>	
Cash Funds	0	476,171	600,000	600,000	
Economic Development Commission - General Economic Incentives and Marketing	<u>964,217</u>	<u>5,662,873</u>	<u>6,119,456</u>	<u>6,119,456</u>	
FTE	6.5	5.8	5.8	5.8	
General Fund	964,217	5,442,602	5,685,664	5,685,664	
Cash Funds	0	220,271	433,792	433,792	

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Colorado First Customized Job Training	<u>4,582,644</u>	<u>4,572,280</u>	<u>4,500,000</u>	<u>4,500,000</u>	
General Fund	4,500,000	4,500,000	4,500,000	4,500,000	
Cash Funds	82,644	72,280	0	0	
CAPCO Administration	<u>87,797</u>	<u>85,291</u>	<u>85,291</u>	<u>85,291</u>	
FTE	2.0	2.0	2.0	2.0	
Cash Funds	3,761	0	0	0	
Reappropriated Funds	84,036	85,291	85,291	85,291	
Council on Creative Industries	<u>3,842,326</u>	<u>2,739,600</u>	<u>2,765,734</u>	<u>2,788,734</u>	
FTE	3.0	3.0	3.0	3.0	
Cash Funds	3,148,626	2,000,000	2,000,000	2,023,000	
Federal Funds	693,700	739,600	765,734	765,734	
Advanced Industries	<u>10,666,030</u>	<u>15,861,254</u>	<u>14,040,766</u>	<u>14,215,766</u>	*
FTE	2.6	2.6	2.6	2.6	
General Fund	5,000,000	3,073,630	0	0	
Cash Funds	5,666,030	12,787,624	14,040,766	14,215,766	
Rural Jump Start	<u>125,983</u>	<u>80,983</u>	<u>80,983</u>	<u>80,983</u>	
FTE	1.0	1.0	1.0	1.0	
General Fund	125,983	80,983	80,983	80,983	
Indirect Cost Assessment	<u>0</u>	<u>61,384</u>	<u>61,384</u>	<u>339,199</u>	
Cash Funds	0	0	61,384	339,199	
Federal Funds	0	61,384	0	0	

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
TOTAL - (4) Economic Development Programs	45,788,162	58,323,988	56,001,114	57,831,364	3.3%
<i>FTE</i>	<u>60.3</u>	<u>60.6</u>	<u>60.6</u>	<u>60.6</u>	<u>0.0%</u>
General Fund	20,578,943	23,429,851	20,232,051	21,528,461	6.4%
Cash Funds	23,567,264	31,788,381	33,262,434	33,796,274	1.6%
Reappropriated Funds	84,036	85,291	85,291	85,291	0.0%
Federal Funds	1,557,919	3,020,465	2,421,338	2,421,338	0.0%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(5) OFFICE OF INFORMATION TECHNOLOGY

The Governor's Office of Information Technology (OIT) is responsible for the operation and delivery of all information and communications technology services across the Executive Branch agencies in the State. The Office is tasked with providing the information technology services, as well as promoting Colorado as the ideal location for information technology companies and technology-based workers.

(A) OIT Central Administration

Central Administration	<u>9,720,223</u>	<u>9,470,872</u>	<u>12,925,509</u>	<u>13,103,065</u>	
FTE	81.2	81.7	96.0	96.0	
General Fund	0	0	0	0	
Cash Funds	0	0	3,200,000	3,200,000	
Reappropriated Funds	9,720,223	9,470,872	9,725,509	9,903,065	
Project Management	<u>5,195,809</u>	<u>5,097,858</u>	<u>5,611,907</u>	<u>5,710,815</u>	
FTE	50.9	47.7	52.0	52.0	
Reappropriated Funds	5,195,809	5,097,858	5,611,907	5,710,815	
Health, Life, and Dental	<u>7,838,099</u>	<u>8,033,244</u>	<u>8,345,064</u>	<u>8,977,505</u>	*
General Fund	0	49,241	67,238	101,562	
Reappropriated Funds	7,838,099	7,984,003	8,277,826	8,875,943	
Short-term Disability	<u>137,054</u>	<u>133,817</u>	<u>137,996</u>	<u>127,522</u>	*
General Fund	0	602	1,166	1,414	
Reappropriated Funds	137,054	133,215	136,830	126,108	
S.B. 04-257 Amortization Equalization Disbursement	<u>2,968,144</u>	<u>3,387,612</u>	<u>3,636,575</u>	<u>3,758,168</u>	*
General Fund	0	15,221	30,709	41,620	
Reappropriated Funds	2,968,144	3,372,391	3,605,866	3,716,548	

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>2,732,877</u>	<u>3,352,325</u>	<u>3,636,575</u>	<u>3,758,168</u>	*
General Fund	0	15,063	30,709	41,620	
Reappropriated Funds	2,732,877	3,337,262	3,605,866	3,716,548	
Salary Survey	<u>743,395</u>	<u>24,320</u>	<u>1,384,517</u>	<u>2,437,565</u>	
General Fund	0	0	11,701	27,051	
Reappropriated Funds	743,395	24,320	1,372,816	2,410,514	
Merit Pay	<u>683,941</u>	<u>0</u>	<u>576,190</u>	<u>0</u>	
General Fund	0	0	5,205	0	
Reappropriated Funds	683,941	0	570,985	0	
Shift Differential	<u>74,039</u>	<u>94,672</u>	<u>92,356</u>	<u>99,153</u>	
Reappropriated Funds	74,039	94,672	92,356	99,153	
Workers' Compensation	<u>342,563</u>	<u>421,427</u>	<u>507,408</u>	<u>393,061</u>	
Reappropriated Funds	342,563	421,427	507,408	393,061	
Legal Services	<u>54,400</u>	<u>46,479</u>	<u>33,247</u>	<u>54,529</u>	
Reappropriated Funds	54,400	46,479	33,247	54,529	
Payment to Risk Management and Property Funds	<u>213,108</u>	<u>314,504</u>	<u>260,522</u>	<u>211,448</u>	*
Reappropriated Funds	213,108	314,504	260,522	211,448	
Vehicle Lease Payments	<u>115,233</u>	<u>82,607</u>	<u>85,260</u>	<u>89,986</u>	*
Reappropriated Funds	115,233	82,607	85,260	89,986	

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Leased Space	<u>3,478,734</u>	<u>3,163,739</u>	<u>3,196,018</u>	<u>3,206,767</u>	
Reappropriated Funds	3,478,734	3,163,739	3,196,018	3,206,767	
Capitol Complex Leased Space	<u>165,932</u>	<u>248,984</u>	<u>287,859</u>	<u>264,631</u>	
Reappropriated Funds	165,932	248,984	287,859	264,631	
Payments to OIT	<u>4,050,114</u>	<u>20,049,788</u>	<u>17,638,869</u>	<u>9,183,383</u>	
Reappropriated Funds	4,050,114	20,049,788	17,638,869	9,183,383	
CORE Operations	<u>0</u>	<u>0</u>	<u>237,501</u>	<u>243,714</u>	
FTE	0.0	0.0	0.0	0.0	
Reappropriated Funds	0	0	237,501	243,714	
Indirect Cost Assessment	<u>378,861</u>	<u>387,833</u>	<u>670,859</u>	<u>653,337</u>	
Reappropriated Funds	378,861	387,833	670,859	653,337	
SUBTOTAL - (A) OIT Central Administration	38,892,526	54,310,081	59,264,232	52,272,817	(11.8%)
FTE	<u>132.1</u>	<u>129.4</u>	<u>148.0</u>	<u>148.0</u>	0.0%
General Fund	0	80,127	146,728	213,267	45.3%
Cash Funds	0	0	3,200,000	3,200,000	0.0%
Reappropriated Funds	38,892,526	54,229,954	55,917,504	48,859,550	(12.6%)

(B) IT Infrastructure

Infrastructure Administration	<u>5,338,368</u>	<u>5,449,926</u>	<u>5,871,111</u>	<u>5,908,131</u>	
FTE	18.4	17.4	23.0	23.0	
Reappropriated Funds	5,338,368	5,449,926	5,871,111	5,908,131	

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Data Center Services	<u>782,657</u>	<u>779,238</u>	<u>788,645</u>	<u>804,009</u>	
FTE	7.6	9.0	8.0	8.0	
Reappropriated Funds	782,657	779,238	788,645	804,009	
Mainframe Services	<u>4,271,274</u>	<u>4,178,935</u>	<u>4,351,821</u>	<u>4,399,271</u>	
FTE	29.4	29.7	31.0	31.0	
Cash Funds	0	0	2,328	2,328	
Reappropriated Funds	4,271,274	4,178,935	4,349,493	4,396,943	
Server Management	<u>11,188,178</u>	<u>11,352,390</u>	<u>14,777,428</u>	<u>18,772,760</u>	*
FTE	55.5	62.0	72.0	72.0	
Reappropriated Funds	11,188,178	11,352,390	14,777,428	18,772,760	
SUBTOTAL - (B) IT Infrastructure	21,580,477	21,760,489	25,789,005	29,884,171	15.9%
FTE	<u>110.9</u>	<u>118.1</u>	<u>134.0</u>	<u>134.0</u>	0.0%
Cash Funds	0	0	2,328	2,328	0.0%
Reappropriated Funds	21,580,477	21,760,489	25,786,677	29,881,843	15.9%

(C) Network Services

Network Administration	<u>3,899,985</u>	<u>3,576,778</u>	<u>3,933,304</u>	<u>3,943,800</u>	
FTE	3.8	3.0	4.0	4.0	
Reappropriated Funds	3,899,985	3,576,778	3,933,304	3,943,800	
Colorado State Network Core	<u>5,638,329</u>	<u>5,130,587</u>	<u>5,719,165</u>	<u>5,801,371</u>	
FTE	34.9	34.9	36.0	36.0	
Reappropriated Funds	5,638,329	5,130,587	5,719,165	5,801,371	

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Colorado State Network Circuits	<u>6,917,086</u>	<u>6,886,813</u>	<u>7,024,550</u>	<u>7,024,550</u>	
Reappropriated Funds	6,917,086	6,886,813	7,024,550	7,024,550	
Voice and Data Services	<u>0</u>	<u>5,836,117</u>	<u>8,754,318</u>	<u>12,875,284</u> *	
FTE	0.0	10.5	12.0	12.0	
Cash Funds	0	0	1,200,000	1,200,000	
Reappropriated Funds	0	5,836,117	7,554,318	11,675,284	
Public Safety Network	<u>12,107,491</u>	<u>12,213,595</u>	<u>20,659,110</u>	<u>20,742,131</u>	
FTE	0.0	44.7	54.0	54.0	
General Fund	3,500,000	3,500,000	7,200,000	7,200,000	
Cash Funds	922	59	48,600	48,600	
Reappropriated Funds	8,606,569	8,592,536	13,289,510	13,372,531	
Federal Funds	0	121,000	121,000	121,000	
Voice Services	<u>5,900,605</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	11.0	0.0	0.0	0.0	
Reappropriated Funds	5,900,605	0	0	0	
Data Services	<u>214,421</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	214,421	0	0	0	
SUBTOTAL - (C) Network Services	34,677,917	33,643,890	46,090,447	50,387,136	9.3%
FTE	49.7	93.1	106.0	106.0	0.0%
General Fund	3,500,000	3,500,000	7,200,000	7,200,000	0.0%
Cash Funds	922	59	1,248,600	1,248,600	0.0%
Reappropriated Funds	31,176,995	30,022,831	37,520,847	41,817,536	11.5%
Federal Funds	0	121,000	121,000	121,000	0.0%

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
(D) Information Security					
Security Administration	<u>390,148</u>	<u>380,418</u>	<u>397,656</u>	<u>401,813</u>	
FTE	2.0	2.5	3.0	3.0	
Reappropriated Funds	390,148	380,418	397,656	401,813	
Security Governance	<u>5,974,491</u>	<u>5,976,945</u>	<u>6,956,474</u>	<u>7,125,247</u>	*
FTE	7.9	8.3	6.0	6.0	
Reappropriated Funds	5,974,491	5,976,945	6,956,474	7,125,247	
Security Operations	<u>2,392,910</u>	<u>2,312,655</u>	<u>5,663,109</u>	<u>5,721,594</u>	
FTE	25.8	24.6	38.0	38.0	
Reappropriated Funds	2,392,910	2,312,655	5,663,109	5,721,594	
SUBTOTAL - (D) Information Security	8,757,549	8,670,018	13,017,239	13,248,654	1.8%
FTE	<u>35.7</u>	<u>35.4</u>	<u>47.0</u>	<u>47.0</u>	0.0%
Reappropriated Funds	8,757,549	8,670,018	13,017,239	13,248,654	1.8%

(E) Applications

Applications Administration	<u>4,952,700</u>	<u>1,114,810</u>	<u>3,264,822</u>	<u>2,780,879</u>	*
FTE	8.5	12.7	15.0	15.0	
General Fund	3,194,063	1,071,330	1,071,330	1,313,202	
Cash Funds	0	0	1,109,625	638,750	
Reappropriated Funds	1,758,637	43,480	1,083,867	828,927	
Shared Services	<u>0</u>	<u>0</u>	<u>15,847,045</u>	<u>16,030,897</u>	
FTE	0.0	0.0	114.0	114.0	
Reappropriated Funds	0	0	15,847,045	16,030,897	

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Agency Services	<u>0</u>	<u>0</u>	<u>22,742,146</u>	<u>21,337,380</u>	*
FTE	0.0	0.0	176.0	177.0	
Reappropriated Funds	0	0	22,742,146	21,337,380	
Colorado Benefits Management System	<u>48,304,649</u>	<u>46,447,805</u>	<u>56,877,851</u>	<u>61,868,613</u>	*
FTE	50.9	44.3	49.5	49.5	
Reappropriated Funds	48,304,649	46,447,805	56,877,851	61,868,613	
Enterprise Services	<u>2,973,481</u>	<u>2,725,684</u>	<u>0</u>	<u>0</u>	
FTE	26.1	26.5	0.0	0.0	
Reappropriated Funds	2,973,481	2,725,684	0	0	
Health Services	<u>10,763,522</u>	<u>12,503,503</u>	<u>0</u>	<u>0</u>	
FTE	88.8	91.9	0.0	0.0	
Reappropriated Funds	10,763,522	12,503,503	0	0	
Revenue and Regulatory Services	<u>6,542,595</u>	<u>6,690,827</u>	<u>0</u>	<u>0</u>	
FTE	71.2	71.5	0.0	0.0	
Reappropriated Funds	6,542,595	6,690,827	0	0	
Financial Management Services	<u>1,073,064</u>	<u>931,741</u>	<u>0</u>	<u>0</u>	
FTE	6.3	7.4	0.0	0.0	
Reappropriated Funds	1,073,064	931,741	0	0	
Personnel Management Services	<u>1,677,637</u>	<u>1,620,078</u>	<u>0</u>	<u>0</u>	
FTE	13.1	11.7	0.0	0.0	
Reappropriated Funds	1,677,637	1,620,078	0	0	

*Line item includes a decision item.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Safety and Transportation Services	<u>4,199,894</u>	<u>4,461,761</u>	<u>0</u>	<u>0</u>	
FTE	46.3	45.7	0.0	0.0	
Reappropriated Funds	4,199,894	4,461,761	0	0	
Labor and Employment Services	<u>2,384,964</u>	<u>2,429,997</u>	<u>0</u>	<u>0</u>	
FTE	22.5	23.3	0.0	0.0	
Reappropriated Funds	2,384,964	2,429,997	0	0	
SUBTOTAL - (E) Applications	82,872,506	78,926,206	98,731,864	102,017,769	3.3%
<i>FTE</i>	<u>333.7</u>	<u>335.0</u>	<u>354.5</u>	<u>355.5</u>	0.3%
General Fund	3,194,063	1,071,330	1,071,330	1,313,202	22.6%
Cash Funds	0	0	1,109,625	638,750	(42.4%)
Reappropriated Funds	79,678,443	77,854,876	96,550,909	100,065,817	3.6%

(F) End User Services

End User Administration	<u>197,107</u>	<u>207,779</u>	<u>208,410</u>	<u>214,586</u>	
FTE	2.0	2.0	2.0	2.0	
Reappropriated Funds	197,107	207,779	208,410	214,586	
Service Desk Services	<u>2,953,239</u>	<u>2,964,344</u>	<u>3,067,415</u>	<u>3,234,440</u>	
FTE	41.5	39.3	48.0	48.0	
Reappropriated Funds	2,953,239	2,964,344	3,067,415	3,234,440	
Deskside Support Services	<u>8,447,947</u>	<u>8,793,690</u>	<u>9,933,059</u>	<u>10,011,429</u>	
FTE	108.0	111.6	121.0	121.0	
Reappropriated Funds	8,447,947	8,793,690	9,933,059	10,011,429	

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Email Services	<u>1,932,190</u>	<u>1,941,134</u>	<u>1,942,045</u>	<u>1,948,228</u>	
FTE	3.0	2.4	3.0	3.0	
Reappropriated Funds	1,932,190	1,941,134	1,942,045	1,948,228	
SUBTOTAL - (F) End User Services	13,530,483	13,906,947	15,150,929	15,408,683	1.7%
FTE	<u>154.5</u>	<u>155.3</u>	<u>174.0</u>	<u>174.0</u>	0.0%
Reappropriated Funds	13,530,483	13,906,947	15,150,929	15,408,683	1.7%
TOTAL - (5) Office of Information Technology	200,311,458	211,217,631	258,043,716	263,219,230	2.0%
FTE	<u>816.6</u>	<u>866.3</u>	<u>963.5</u>	<u>964.5</u>	0.1%
General Fund	6,694,063	4,651,457	8,418,058	8,726,469	3.7%
Cash Funds	922	59	5,560,553	5,089,678	(8.5%)
Reappropriated Funds	193,616,473	206,445,115	243,944,105	249,282,083	2.2%
Federal Funds	0	121,000	121,000	121,000	0.0%
TOTAL - Governor - Lieutenant Governor - State					
Planning and Budgeting	278,477,415	293,881,348	335,658,778	347,217,165	3.4%
FTE	<u>957.5</u>	<u>995.0</u>	<u>1,091.2</u>	<u>1,109.7</u>	1.7%
General Fund	34,186,804	33,798,569	35,324,665	41,138,275	16.5%
Cash Funds	40,468,537	42,008,150	47,400,500	47,346,431	(0.1%)
Reappropriated Funds	196,012,146	208,821,321	246,477,893	251,965,184	2.2%
Federal Funds	7,809,928	9,253,308	6,455,720	6,767,275	4.8%

APPENDIX B

RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

2016 SESSION BILLS

S.B. 16-030 (MOTOR VEHICLE WEIGHT VIOLATION SURCHARGES): Under current law, individuals convicted of violating motor vehicle weight limits or the terms of overweight permits must pay a variable penalty and a surcharge, depending on the level of excess weight. The bill changes the variable surcharge rate to a flat 16 percent of the penalty for all violations. Appropriates \$12,566 cash funds to the Department of Revenue to implement this change and reappropriates this amount to the Governor's Office of Information Technology for the provision of information technology services.

H.B. 16-1047 (INTERSTATE MEDICAL LICENSURE COMPACT): Enacts the Interstate Medical Licensure Compact and authorizes the Governor to enter into the Compact on behalf of Colorado. Under the Compact, physicians licensed in a member state may obtain an expedited license in other member states, allowing them to practice in Colorado or in another member state. The compact is governed by the Interstate Medical Licensure Commission (interstate commission). Appropriates \$331,019 cash funds to the Department of Regulatory Agencies for FY 2016-17 to implement the compact and reappropriates \$113,300 of this amount to the Governor's Office of Information Technology for the provision of information technology services.

H.B. 16-1097 (PUC PERMIT FOR MEDICAID TRANSPORTATION PROVIDERS): Allows providers of non-emergency transportation to Medicaid clients to operate under a limited regulation permit from the Public Utilities Commission (PUC). For FY 2016-17, the bill is expected to increase state revenue from permit fees by \$7,450, of which \$5,725 is subject to the TABOR limit, and it makes the following appropriations:

H.B. 16-1097 APPROPRIATIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health Care Policy and Financing						
Transfer to Regulatory Agencies	\$78,328	\$59,578	\$0	\$0	\$18,750	0.0
Medical Services Premiums	(215,271)	(\$69,405)	(2,549)	\$0	(143,317)	0.0
Public Safety						
Colorado Crime Information Center	2,636	0	2,636	0	0	0.0
Law						
Legal Services to State Agencies	23,753	0	0	23,753	0	0.1
Office of the Governor						
Office of Information Technology	8,755	0	0	8,755	0	0.0
TOTAL	(\$101,799)	(\$9,827)	\$87	\$32,508	(\$124,567)	0.1

H.B. 16-1227 (EXEMPTIONS CHILD SUPPORT REQMENTS CHILD CARE ASSIST): Specifies that a teen parent is not required to submit an application for child support establishment as a condition of

receiving child care assistance. However, the county can require the parent to submit an application for child support establishment in order to receive child care assistance once they no longer qualify as a teen parent. Specifies that a county cannot require an application for child support establishment as a condition of receiving child care assistance if the applicant submits a statement indicating that he or she has been the victim of domestic violence, a sexual offense, harassment, or stalking. Appropriates \$268,562 federal funds to the Department of Human Services to purchase information technology services and reappropriates this amount to the Governor's Office of Information Technology for the service provision.

H.B. 16-1405 (LONG BILL): General appropriations act for FY 2016-17.

2017 SESSION BILLS

S.B. 17-028 (HEALTHY FAMILIES AND MILITARY PREPAREDNESS ACT): Requires the Department of Human Services and county departments of human or social services to provide notice and to collect and share information with the command authority of national military installations regarding any report received of known or suspected instances of child abuse or neglect in which the person having custody or control of the child is a member of the armed forces, or a spouse, or a significant other or family member residing in the home of the member of the armed forces assigned to that military installation. Appropriates \$12,960 reappropriated funds to the Governor's Office of Information Technology transferred from the Department of Human Services for FY 2017-18 for computer programming services.

S.B. 17-060 (CO STUDENT LEADERS INSTITUTE RELOCATION TO CDHE): Relocates the Colorado Student Leaders Institute from the Office of the Lieutenant Governor to the Department of Higher Education. Transfers an appropriation of \$218,825 General Fund and 1.0 FTE from the Office of the Lieutenant Governor to the Department of Higher Education for FY 2017-18.

S.B. 17-161 (SUPPLEMENTAL BILL): Modifies FY 2016-17 appropriations to the Department.

S.B. 17-254 (LONG BILL): General appropriations act for FY 2017-18.

S.B. 17-255 (TECHNOLOGY ADVANCEMENT AND EMERGENCY FUND): Creates the Technology Advancement and Emergency Fund in the Governor's Office of Information Technology (OIT) to be used for one-time costs associated with emergency information technology expenditures, addressing deferred maintenance of state agency information technology assets, and providing additional services to address unforeseen information technology service demands. Transfers \$2.0 million from the General Fund to the Technology Advancement and Emergency Fund for FY 2017-18 and FY 2018-19. Appropriates \$3.2 million cash funds from the Technology Advancement and Emergency Fund to OIT for FY 2017-18.

S.B. 17-280 (EXTENDING THE ECONOMIC DEVELOPMENT COMMISSION): Extends the Economic Development Commission until July 1, 2025. Appropriates \$5,000,000 General Fund to the Office of Economic Development and International Trade for Commission administration, general economic incentives, and marketing. Specifies that the Commission may transfer any General Fund money appropriated to it into the Colorado Economic Development Fund and may spend that money without further appropriation.

H.B. 17-1090 (ADVANCED INDUSTRY INVESTMENT TAX CREDIT EXTENSION): Extends the Advanced Industry Investment Income Tax Credit Program through tax years 2018 to 2022. Authorizes the Office of Economic Development and International Trade (OEDIT) to issue \$750,000 worth of state income tax credits each year from 2018 to 2022 to qualified investors. Appropriates \$23,062 General Fund and 0.3 FTE to OEDIT for FY 2017-18 to administer the program. Reduces General Fund revenue by \$262,500 in FY 2017-18.

H.B. 17-1165 (DORA BOARDS DISCIPLINARY ACTION RESOLUTION PROCESS): Modifies the disciplinary procedures for six health care boards for health care professionals with prescriptive authority (Colorado Podiatry Board, Colorado Dental Board, Colorado Medical Board, State Board

of Nursing, State Board of Optometry, and State Board of Veterinary Medicine) within the Department of Regulatory Agencies. Appropriates \$20,000 reappropriated funds to the Governor's Office of Information Technology transferred from the Department of Regulatory Agencies for FY 2017-18 for computer programming services.

H.B. 17-1204 (JUVENILE DELINQUENCY RECORD EXPUNGEMENT): Makes a number of changes relating to access to juvenile delinquency records and the eligibility and process for expunging these records. Appropriates \$108,710 reappropriated funds to the Governor's Office of Information Technology transferred from the Department of Human Services for FY 2017-18 for computer programming services.

H.B. 17-1221 (GREY AND BLACK MARKET MJ ENFORCEMENT EFFORTS): Creates the Gray and Black Market Marijuana Enforcement Grant Program in the Department of Local Affairs. Creates an offense for a person who is not a primary caregiver for possessing a marijuana plant that the person is growing on behalf of another person. Appropriates \$21,603 reappropriated funds to the Governor's Office of Information Technology transferred from the Department of Local Affairs for FY 2017-18 for computer programming services.

H.B. 17-1313 (CIVIL FORFEITURE REFORM): Prohibits law enforcement agencies, prosecutors, and multijurisdictional task forces (seizing agencies) from receiving forfeiture proceeds from the federal government unless the aggregate net equity value of the property and currency seized in the case is in excess of \$50,000 and the federal government commences a forfeiture proceeding that relates to a filed criminal case. Requires the Department of Local Affairs to establish a form for seizing agencies to use in submitting to the Department biannual reports containing specified information on seizures through which the seizing agencies received proceeds from a forfeiture and the use of the proceeds. Appropriates \$44,486 reappropriated funds to the Governor's Office of Information Technology transferred from the Department of Local Affairs for FY 2017-18 for computer programming services.

H.B. 17-1326 (JUSTICE REINVESTMENT CRIME PREVENTION INITIATIVE): Makes a number of changes relating to maximum parole revocation periods for technical parole violations. Establishes a new crime-prevention program in the Department of Local Affairs (DOLA) to provide small business loans and grants that are designed to reduce crime and promote community development in the target communities of north Aurora and southeast Colorado Springs. Appropriates \$152,112 reappropriated funds to the Governor's Office of Information Technology transferred from the Departments of Corrections and Local Affairs for FY 2017-18 for computer programming services.

H.B. 17-1361 (EVALUATE STATE INFORMATION TECHNOLOGY RESOURCES): Requires the State Auditor to retain a qualified, independent third-party consulting firm to evaluate the state's implementation of information technology (IT) resources, tools, and projects. Indicates that on or before December 15, 2018, the independent firm shall submit a post-evaluation report with recommendations to the Legislative Audit Committee, the Joint Budget Committee, the Joint Technology Committee, and the Governor's Office of Information Technology. Appropriates \$300,000 General Fund to the State Auditor for FY 2017-18 for this purpose and states that any of the appropriated money that is not expended prior to July 1, 2018, is further appropriated to the State Auditor for FY 2018-19 for the same purpose.

APPENDIX C

FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

- 9 **Governor – Lieutenant Governor – State Planning and Budgeting, Office of the Governor, Other Programs and Grants, Disabled Parking Education** -- It is the General Assembly's intent that this appropriation be used for the development and/or dissemination of marketing materials to Colorado television and radio stations.

COMMENT: The Colorado Advisory Council for Persons with Disabilities has consistently reverted back funds from their annual appropriation for the past three years. Staff is concerned that the percentage of funds reverted back to the General Fund from the total appropriation has grown from 12.4 percent in its inaugural appropriation year to over 25 percent in the most recent fiscal year. The Joint Budget Committee may want to work with the Office of the Governor to determine why funds are not being spent as appropriated and as intended.

DISABLED PARKING EDUCATION SPENDING				
Fiscal Year	Appropriation	Expenditures	Reversion	% Reverted
FY 2014-15	\$499,000	\$436,996	\$62,004	12.4%
FY 2015-16	250,000	202,100	47,900	19.2%
FY 2016-17	250,000	186,521	63,479	25.4%
Total	\$999,000	\$825,617	\$173,383	17.4%

UPDATE ON REQUESTS FOR INFORMATION

- 3 **Governor – Lieutenant Governor – State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Public Safety, Division of Homeland Security and Emergency Management, Office of Emergency Management, Disaster Response and Recovery** – The Office of Emergency Management is requested to work with the Office of State Planning and Budgeting to provide a report to the Joint Budget Committee by November 1, 2017, concerning revenues credited to and expenditures made from the Disaster Emergency Fund in fiscal years 2015-16, 2016-17, and 2017-18 year-to-date. The report is requested to include the following: (a) amounts authorized to be transferred to the Disaster Emergency Fund, by Executive Order and fund source; (b) amounts actually transferred to the Fund, by date and fund source; (c) actual expenditures from the Fund, by declared disaster emergency, (d) reimbursements credited to the Fund, by date and source, and (e) total fund balance and unencumbered fund balance.

COMMENT: The Office of the Governor and the Department of Public Safety provided a response to this request. It will be addressed in a separate staff briefing for the Department of Public Safety on Monday, December 4th.

- 1 **Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting, Personal Services** – The Office is requested to provide information to the Joint Budget Committee by November 1, 2017, concerning the State’s implementation of Lean principles to improve service delivery. Specifically, please provide updated statistics from the Colorado Lean Project Database (e.g. total number of projects conducted, number of projects completed, and number of projects in progress), case studies on successful implementations of Lean principles that could be applied to other State agencies, and initiatives underway within the Office to link applicable Lean projects to tangible budget reductions.

COMMENT: The following document submitted by the Office of State Planning and Budgeting represents the response to this request.

MEMORANDUM

TO: Joint Budget Committee

FROM: Henry Sobanet, Director

DATE: November 9, 2017

RE: RFI Implementation of Lean principles to improve service delivery

Thank you for the opportunity to provide information about the State's Lean program. I am pleased with how Lean process improvement is taking hold in agency culture and delivering value for our customers.

FY 2016-17 Database Updates

In an effort to assess the State of Colorado's Lean program, the Performance Management & Operations Team improved the Colorado Lean Project Database to better measure the value that Lean creates for customers, employees and taxpayers. This report reflects the updated statistics from the Team's most recent CO Lean Project Database analysis. See results below.

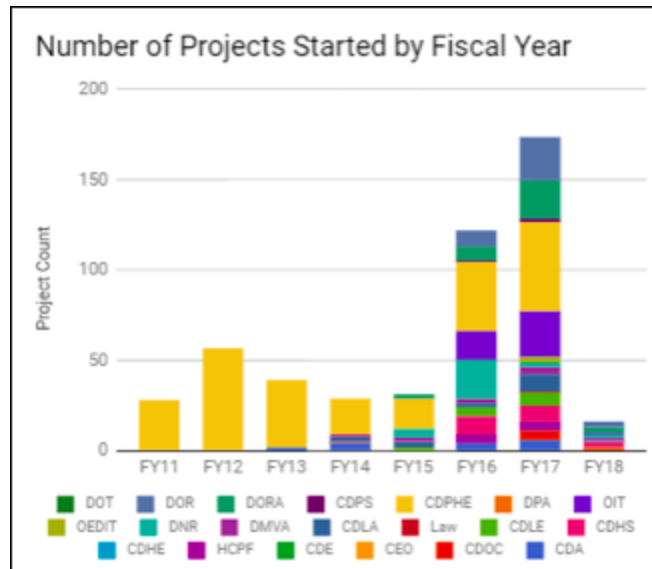
Total number of projects in progress and completed:

Total projects increased in FY 2016-17 from 493 to 776, a more than one-third increase in projects overall. Projects in progress as well as completed projects increased.



Departmental Lean project growth over time:

The chart below tallies the number of projects in the Database started by fiscal year. The results show a year over year growth of 44 percent in FY 2016-17, and an increase in the number of Departments working on Lean projects from 12 to 15.



Note: Projects do not sum to the total in the database (776) because some projects are missing start dates.

Updated project metrics in the Database:

To facilitate an analysis of project metrics in the Database, the Performance Management & Operations Team worked with agencies to assign metrics to one of the three categories in the table below. The metric categories are time, cost, or quality. In addition, we requested agencies to identify whether the metric measures savings as experienced by the customer, or internal savings to the government. The table below provides examples of metrics in each of the categories.

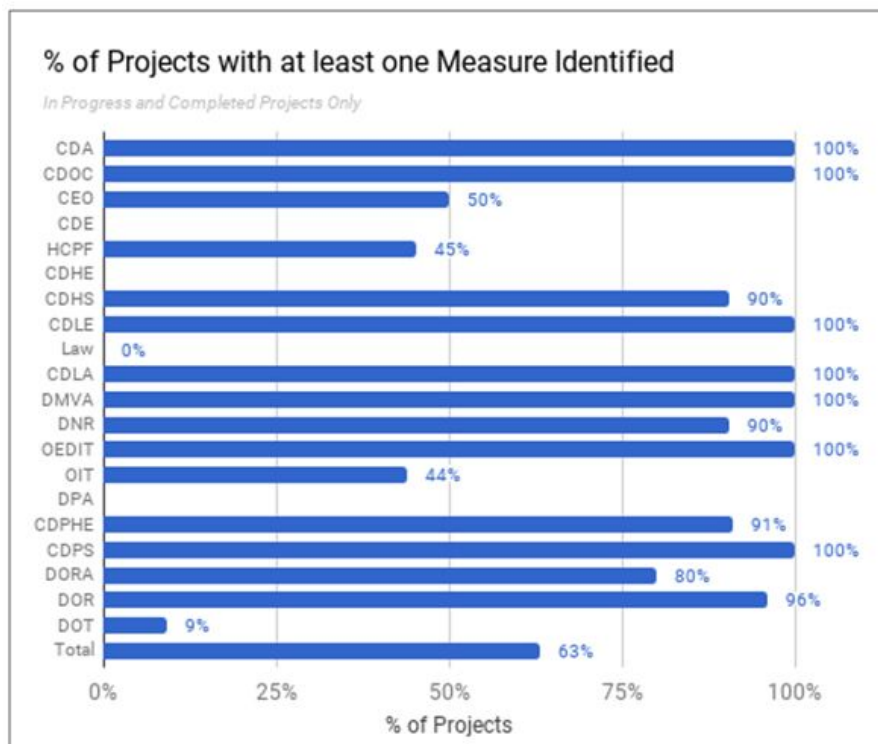
Lean Project Database: Metric Categories

	Measure	Description	When to Use
Time Metrics	<i>Time to Government</i>	Work time (Cycle or Touch Time): Time to complete process step(s) excluding waiting & delays	Use to calculate the process capability (fastest time the process can be completed)
	<i>Time to Customer</i>	What the customer sees (Lead Time): Total elapsed time to complete process step(s) including waiting & delays	Use when your objective is to reduce the overall process time
Cost Metrics	<i>Cost to Government</i>	Freed Capacity: Measure of the additional employee capacity created by the improvement, represented as the number of full-time employees (FTE)	Use when you want to translate employee time saved to cost, e.g. (Number hours saved)*(Hourly FTE salary)
		Reduction in operational expenses for government	Use to identify the \$ value of improvements (e.g. save \$3,000/year on paper, toner, etc. by going electronic)
	<i>Cost to Customer</i>	Reduction in expenses for customer	Use to identify the \$ value of improvements (e.g. reduce fees for customer)
Quality Metrics	<i>Quality Improvement to Government</i>	A reduction in the error rate: the total number (or percent) of mistakes	Use to identify areas that need improvement (e.g. a form that has a high error rate on 1 field)
	<i>Quality Improvement to Customer</i>	Measurement of your customers attitudes, feelings, or opinions	Use to identify quality of outcome as experienced by the customer, e.g. as measured through a customer feedback survey

Projects with identified measures:

Departments have identified measures in 63 percent of all projects in the database. As the chart shows below, there is some variance among Departments identifying measures. The Performance Management & Operations Team is working with Departments to increase this percentage, and in particular to drive an increase in the percentage of projects with complete data, including baseline data, forecasted data, and verified actuals.

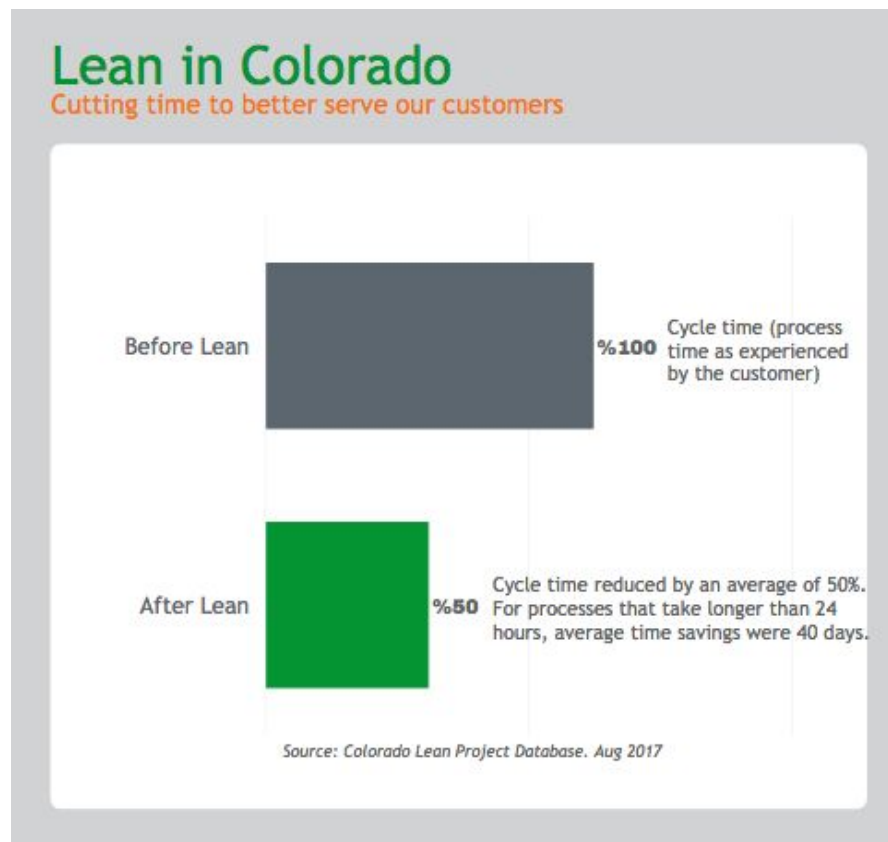
Based on an informal survey of other states and cities with Lean project databases, collecting and reporting data is a common challenge. In response to the challenge, the Team simplified the metric categories as described above, and also retained Lean Fellows. See separate section on the Lean Fellows.



Time savings successes

Despite data limitations in the Lean Project database, we have sufficient data to know that Lean projects are resulting in real improvements for customers. For example, among Lean projects targeting time savings (the most common type of

improvement metric), the State has reduced the process time as experienced by the customer by 50 percent on average.

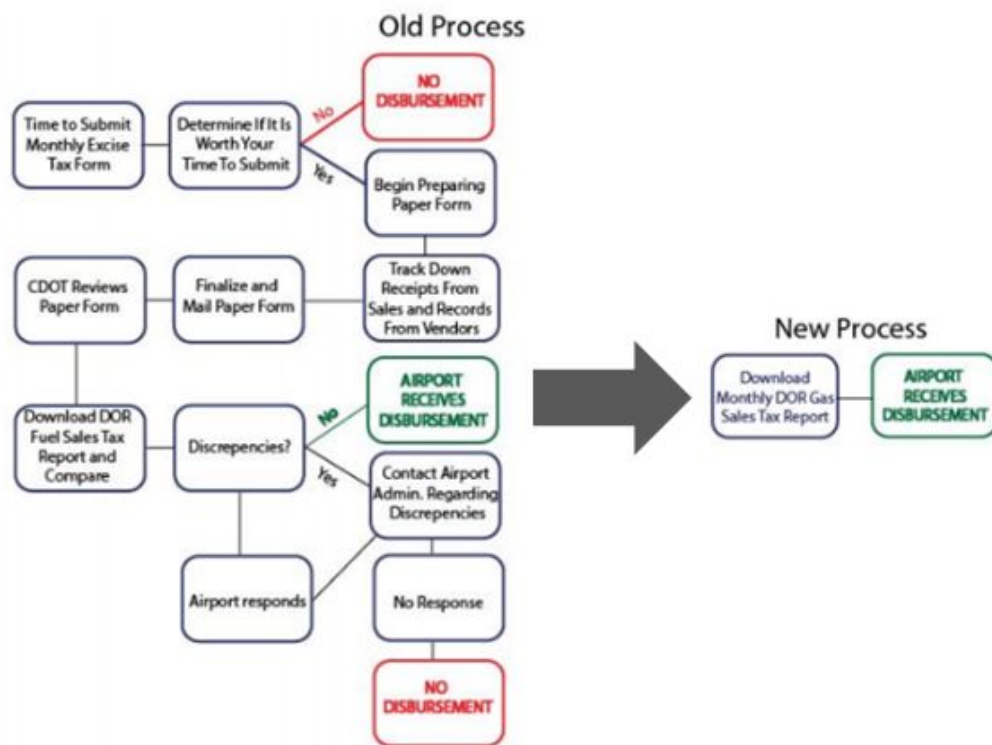


Case studies from the CO Lean Project Database:

Lean projects in the Database are delivering results for the State's customers. We present a few case studies below by metric category:

- **Time Savings to Customer:** CDPHE created an electronic interface with the State's immunization registry affording access to timely and complete immunization records and reducing the manual data entry required for reporting, thus freeing up providers to spend more time on care. Under the old process at the Colorado Department of Public Health and Environment, the average time to develop an interface with the Department's system was 9.5 months, leading to a backlog of 630 providers in the queue for the interface. Using Lean and other innovative process improvement solutions, the Department cut the time to just 4 months and met a 2020 goal to connect 800 health clinics four years early.

- Quality Improvement to Customer:** CDOT's Aeronautics Division helped our State's airports by reducing by 90 percent the number of process steps needed to request and receive Aviation Fuel Excise Tax revenue. Before the new process was implemented, some airport administrators even opted out of Aviation Fuel Excise Tax disbursements because the process to request those disbursements was too onerous. In 2016, only 56 airports submitted forms and received disbursements. Now, all 74 public-use airports receive the monthly Aviation Excise Tax disbursement with no extra paperwork required thanks to CDOT's process improvement that leverages data already maintained by the Department of Revenue. See diagram of process before and after the improvement below.



- Time Savings to Government:** CDLE's Division of Vocational Rehabilitation utilized Lean to reduce case management time in the vocational rehabilitation process, allowing for more counseling time with clients and improving overall customers service. By conducting a statewide listening tour with clients and

compiling staff feedback, the Division reduced duplicate paperwork and time spent calling clients. These improvements result in an estimated time savings of 5,221 hours annually or 47 hours per year per counselor that can be used to provide more value to clients with disabilities.

- *Time Savings to Customer:* The Department of Agriculture reduced the time it takes to renew an aquaculture permit from from three weeks to under 24 hours. Before the improvement, applicants were required to submit a hardcopy application for renewal. Now, applicants can renew their permits online and there is a simplified approval process, saving time for customers as well as CDA employees responsible for processing aquaculture renewal applications.
- *Time Savings to Government:* The Department of Corrections streamlined its process for reviewing and approving lesson plans for the Corrections Training Academy, which provides new employees with the skills and knowledge they need for a career in corrections. The original process was time consuming for the team of 10, taking 30.5 days for approval. Through the implementation of Lean methodologies, the time involved with the review process was reduced to 10 days - saving each employee 2 days.
- *Cost Savings to Government:* CDHS utilized Lean to improve the Child Care Licensing Appeals and Waivers process, which was a timely and costly process that required manual review of a large volume of materials - leading to high resource costs for the government and lengthy wait periods for customers. Thanks to the process review and overhaul, the number of steps for customers decreased from 40 to 32, with the government saving over \$11,000 on administrative expenses.

Colorado Lean Fellows: Driving Lean success

Recognizing that often Departments need Lean support from someone who understands how government works, the Performance Management & Operations Team retained Lean Fellows. The Lean Fellows are state employees with Lean expertise. These internal consultants dedicate a portion of their time helping employees in other Departments to design or facilitate a Lean project. Among other support, the Lean Fellows help agencies to establish a project baseline and measure project outcomes to advance the use of metrics in driving improvements.

2017 Lean Fellows



Tobin
Follenweider,
DNR



Tracy Garceau,
DORA



Heather Weir,
CDPHE



Cheryl Wright,
CDOT, retired
June 2017

Linking Lean projects to tangible budget reductions

As described in the case studies, Lean process improvement is delivering value for customers, including shorter wait times, fewer process steps, and elimination of backlogs. These projects delivered improved service to Coloradans without increasing the government's costs and in some cases reducing them. Lean projects identify what is value for the customer, and then improve processes to deliver more value. Notably:

- Time savings to customer vs changes in employee “touch” time: Some process improvements speed up the process for customers but do not change the level of effort at the agency. The latter can be thought of as employee “touch” time. By mapping processes and determining root causes of bottlenecks, Lean can shorten the overall time to deliver the license/permit/answer to the customer, but not significantly change the “touch” time by any employee.
- Cost avoidance: Some process improvements may reduce costs that otherwise would have increased, thus alleviating the need for a budget increase. Consider, for example, a call center with an increasing number of customer calls. Or similarly a project that reduces direct costs such as paper and postage, but the budget savings is offset by other cost increases unrelated to the project, such as data storage.
- Qualitative improvements: Some process improvements are qualitative, but nonetheless improve outcomes for customers. Consider, for example, the /CDOT Aeronautics Division case study. Some airports were not even applying for the Excise Tax distribution because the process was so burdensome.
- Backlog elimination: Some process improvements result in a staff person who is no longer needed to process one aspect of the workflow, but is reassigned to

address a large backlog in another area of the workflow. Consider the CDPHE case study above that not only reduced the development time but eliminated a substantial backlog.

- Staff engagement: For all process improvements, the realization of any FTE savings needs to focus on position vacancies, and not individuals. An employee participating on a Lean project needs to know that his/her job is not threatened if s/he identifies an improvement that could serve customers better. This is an important part of the workforce culture that the Colorado Lean Program has emphasized, and contributes to the strong uptake rate in agencies, that is improving results for the State's customers. This year's 44% year over year growth in projects is evidence that the State is creating a Lean culture embraced by employees at all levels.

We are pleased to share these results with you in response to the Committee's Request for Information.

APPENDIX D

DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1)(a)(I), C.R.S., by November 1 of each year, the Office of State Planning and Budgeting is required to publish an **Annual Performance Report** for the *previous fiscal year* for the Office of the Governor. This report is to include a summary of the Office's performance plan and most recent performance evaluation for the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., the Office of the Governor is required to develop a **Performance Plan** and submit the plan for the *current fiscal year* to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the Office's FY 2018-19 budget request, the FY 2016-17 Annual Performance Report and the FY 2017-18 Performance Plan can be found at the following links:

- Office of Economic Development and International Trade – <https://goo.gl/qUfD5u>
- Colorado Energy Office – <https://goo.gl/GuiySc>
- Office of Information Technology – <https://goo.gl/cTvqfz>

APPENDIX E

HOUSE BILL 14-1203 ACCOUNTABILITY REPORT

House Bill 14-1203 (Funding For Digital Trunked Radio Sys Maintenance) established a \$3.5 million annual appropriation beginning in FY 2013-14 and continuing for 12 years from the General Fund to replace legacy radio equipment and hardware at radio tower sites that are part of the Digital Trunked Radio System (DTRS). In addition, beginning in FY 2017-18 and continuing for eight years, the bill established an annual appropriation of \$3.7 million from the General Fund to upgrade and maintain software used to operate the DTRS.

To assist the legislature in maintaining adequate oversight of the ongoing upgrade projects, H.B. 14-1203 required the Office of Information Technology (OIT) to submit a report by November 1st each year through 2025 detailing the use of the moneys appropriated each year via this legislation. The annual reports must include the purposes for which the moneys appropriated were used during the prior fiscal year, are being used during the current fiscal year, and the anticipated use of the moneys that will be appropriated in future fiscal years.

The following pages include the November 1, 2017 report in its entirety.



COLORADO

Governor's Office of Information Technology

2016 - PUBLIC SAFETY COMMUNICATIONS NETWORK - 2017



The Public Safety Communications Network is pleased to provide this project status report on FY17 accomplishments and FY18 project updates.

EXECUTIVE SUMMARY

ABOUT THE PUBLIC SAFETY COMMUNICATIONS NETWORK

The Governor's Office of Information Technology (OIT) is statutorily required (*C.R.S. 24-37.5-502*) to serve the two-way radio communications needs of all state departments, including but not limited to the departments of public safety, transportation, corrections, and natural resources. The Public Safety Communications Network (PSCN) under the OIT is responsible for all things directly, and in some cases indirectly, related to public safety two-way radio voice communications. The safety of the citizens and first responders in Colorado is always the top priority and primary focus for the members of the PSCN team. Two-way voice communications systems providing service to public safety first responders must meet or exceed the industry standard 'Rule of Five-Nines.' Translated, that means that public safety voice communications systems must remain in service and available for first responder access a minimum of 99.999% of the time. The dedicated PSCN team is proud to uphold those standards for the digital trunked radio system (DTRS) and other public safety communications systems in use by state agencies statewide.



The state has ownership and maintains full responsibility for the primary Zone Master Site Controller (also known as 'Zone 1') located at the Denver Transmitter Building. The Zone 1 Master Site is the 'hub' of all DTRS network connectivity and system control. In addition to the Zone 1 Master Site, the state owns, manages and supports two of the other four Zone Master Site Controllers currently supporting the DTRS statewide. Zone 2 is located in Grand Junction and provides system connectivity for the transmitter (tower) sites on the western slope. Zone 3 is located in Fort Collins and provides connectivity for transmitter sites primarily in the northeast quadrant of the state.

Security, support, upgrade and maintenance of the DTRS is broad in scope and includes all things related to all systems that directly impact the performance and reliability of the DTRS. Engineering and electronic specialists must be trained and remain proficient at installation, service, repair and maintenance of all systems at state owned and managed Zone Master Sites and transmitter sites. This includes, but is not limited to knowledge and proficiency of all computer software programs operating various components of the system, 24-hour system monitoring and alarm notification, installation, service and maintenance of all backup power generators and heating/air conditioning units at transmitter sites and routine safety checks and preventive maintenance and repairs of the tower structures and equipment shelters at the sites. Winter survival training and safe operation of the state Sno-cats is mandatory for all specialists responsible for the operation and maintenance of our mountain top sites. Our electronic specialists are geographically and strategically stationed in shops across the state to ensure an immediate response to alarm notifications of any system component trouble or failure. Routine preventive maintenance by the regional specialists ensures the highest level of performance and prevents interruptions in service and loss of availability. Technicians providing onsite maintenance are able to identify early warning signs of potential failure and immediately take the necessary preventive actions to make repairs and/or plan for replacement of failed or failing components. Our teams are accomplished FCC licensed professionals that are acutely proficient at utilizing the resources required to provide this mission critical service to our users.

Our technical staff provides programming, installation, and repair of mobile (vehicle) and portable (hand-held) radios for state agencies.

Our engineering staff provides support for state as well as local agencies surrounding complex coverage and path study predictions, transmitter site design and development, FCC licensing and coordination, and FAA compliance.

Our Program Manager negotiates and manages all of our land leases, rights of way, and easements for all state transmitter sites located on private, public, federal and tribal lands.

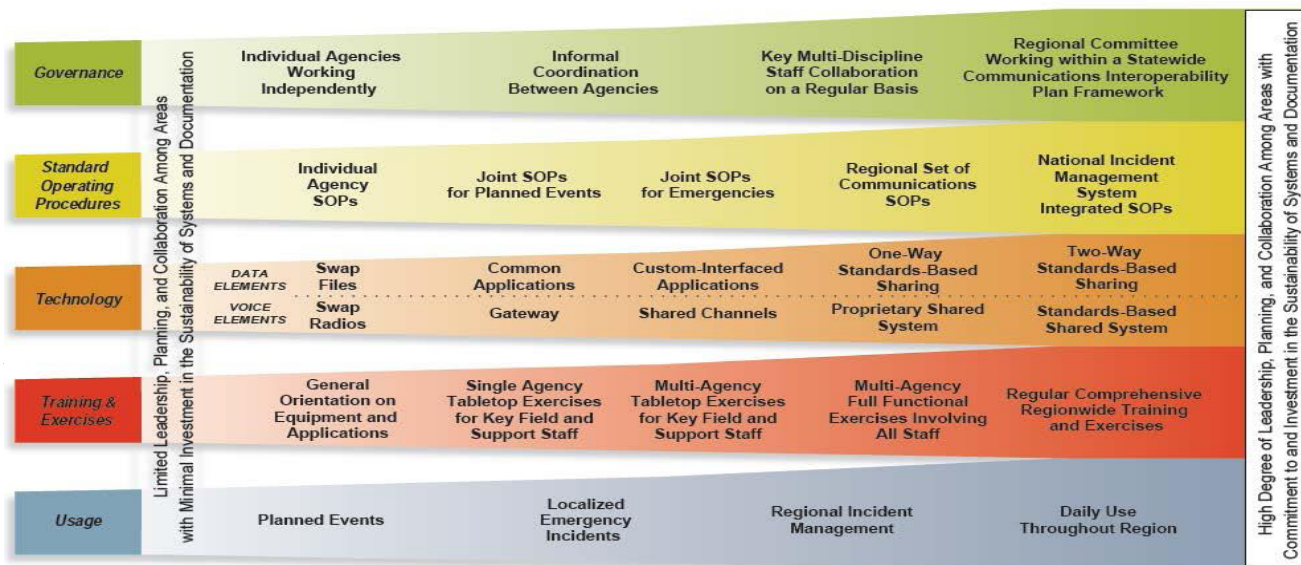
In addition to the responsibilities of the DTRS, the PSCN team also provides support, service, and maintenance for the network of VHF repeaters across the state. This network of VHF repeaters serves to provide state agencies with a means of interoperable communications in some of the state's remote areas and areas with difficult terrain where DTRS coverage is not optimal or may be unavailable.

ABOUT DTRS

- DTRS provides a near seamless statewide wireless system that enables direct communications between first responder / public safety agencies across jurisdictional and regional boundaries. Local, county and tribal entities may elect to own, add, connect and integrate site infrastructure and resources to the DTRS in support of their specific communications needs.
- DTRS capabilities include replacement of multiple disparate and obsolete radio systems operated by state and local agencies with a single integrated system. Partnerships between state, local, regional, tribal and federal government agencies make this mission critical public safety communications network possible.
- DTRS is available to all public safety, public service and other governmental agencies that choose to use DTRS as their primary radio system for daily operations, or for agencies that may choose to utilize the resources of the DTRS for communications interoperability only.
- This system is available with 24x7x365 maintenance and support from local, state and vendor partners.
- DTRS provides 93% State and Highway coverage, *more coverage area than any cellular provider.*
- DTRS meets the highest level of interoperability for Technology on the Department of Homeland Security SAFECOM Interoperability Continuum.



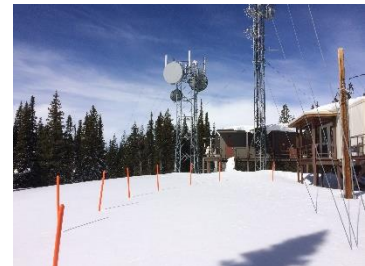
SAFECOM - Interoperability Continuum



- 234 active radio (tower) sites operating on five Master Zone Switch Controllers and 45+ dispatch sites
- Mobile (in vehicle) radio coverage provided to approximately 93%-95% of state roadways, using state OIT coverage modeling software.
- DTRS provides a coverage area far exceeding any Colorado cellular provider.
- Utilizes frequencies in both the 700 MHz and 800 MHz bands.
- Over 96,000 subscriber radios operate on DTRS, representing over 1,000 local, regional, tribal, state and federal agency first responders. Approximately 18% represent users from state government. The remaining 82% are divided between local, regional, tribal and federal government agencies.
- State of Colorado PSCN engineers and technicians are responsible for the service and maintenance of 60% of the Zone Master Site Controllers and roughly 65% of the statewide transmitter sites with local government agencies being responsible for the service and maintenance of their owned infrastructure.
- Calendar year 2016 recorded statistics show a total of 103,834,374 voice calls on the DTRS, or a monthly average of 8,652,865 million voice calls totaling 175,273 hours 42 minutes of talk time. The majority of these voice calls are serving day-to-day operations for primary DTRS user agencies.
- January through September 2017 records show a 9-month total of 79,780,336 voice calls on the DTRS, or a monthly average of just over 8.8 million voice calls totaling 133,622 hours 24 minutes of talk time. The majority of these voice calls are serving day-to-day operations for primary DTRS user agencies.

PSCN PROJECT FY17 ACCOMPLISHMENTS - CURRENT

- Replacement of legacy DTRS radio transmitters at state tower sites is ongoing. We have currently completed full replacement of 834 DTRS transmitters (radios) at 149 state transmitter (tower) sites. Remaining for 2017 are 26 DTRS transmitters located at tower sites shared with the state by local governments. Two of these shared sites are pending tower replacements by the local governments prior to new equipment installation. Both sites are in the permitting process for tower construction. The new DTRS transmitters will be installed upon tower completion. The third site is pending Jefferson County 2018 purchase of similar equipment for pairing with the State transmitters for a single programming and installation. This site will be accessible most of the year and as soon as Jefferson County is ready, we will assist with programming and installation of the equipment. The fourth site is pending PSCN's purchase of a tower and property in Elbert County. Land acquisition is underway, but is a lengthy and cumbersome process. Once the property transfer is complete, the equipment is ready for installation. This long-range equipment replacement project is funded through appropriations received from the General Fund through the Public Safety Trust Fund, per HB 14-1203.
- The first of a series of DTRS software platform upgrades was successfully launched and completed in September. This statewide and systemwide software upgrade is a component of the state contract with Motorola for the Migration Assurance Plan (MAP) and System Upgrade Agreement (SUA.) The combination of these two programs ensure long-term sustainment and reliability of the state owned DTRS hardware and contractually requires biennial DTRS software platform upgrades statewide and systemwide. Consistent and scheduled refreshment of the hardware and software components of the DTRS provide all public safety first responders with the most reliable, most secure, and up-to-date mission critical public safety communications network available. Appropriations for these programs received from the General Fund beginning FY17-18, through the Public Safety Trust Fund, per HB 14-1203.



Walton Peak-Routt National Forest 1

- Phased replacement of the state's obsolete microwave equipment used for DTRS site networking is on schedule with Phase One (Metro) 90% complete (one of ten sites remaining) and Phase Two (Northeast) 57% complete. Final design of Phase Three (Southeast) is complete; equipment has been ordered with delivery scheduled prior to the submission of this report. Installation of the Phase Three equipment will begin upon delivery, weather and safety permitting. Final design work is underway for Phase Four (Southwest) followed by the design of Phase Five (West/Northwest.) PSCN engineering and technical staff remain fully engaged in all aspects of this project, including but not limited to, planning, design, installation, implementation and complete oversight of the project. The new microwave radio technology and topology will provide greater capacity, increased reliability, enhanced performance, significantly improved redundancy, and greater ability to remotely monitor and control the health and wellbeing of the microwave backhaul network. Appropriations for the Microwave Replacement Project are received through Capital Development Funding.
- Replacement of antiquated microwave rectifiers and supporting microwave battery banks is complete with all equipment installed and in use. Appropriations for this equipment replacement project were received through the Controlled Maintenance Fund.
- Tower replacements are ongoing. Appropriations for these projects is received from the Controlled Maintenance Fund.
 - The tower replacement at the Buckhorn Mountain (Larimer Co) DTRS site is complete.
 - The tower replacement at the Reiradon Hill (Logan Co) DTRS site is complete.
 - Ground breaking has occurred at our Cheyenne Mountain (El Paso County) site for tower replacement. The permitting process for this tower replacement was unreasonably cumbersome and delayed. Estimated completion of the new tower and removal of the old tower is early summer 2018, weather permitting.
 - Ground breaking has occurred at the Boyero (Lincoln County) tower site to begin construction of the new tower. This is a low altitude site that is accessible year around. We estimate completion of this tower replacement by end of calendar year 2017, weather permitting.
- Replacement of 60 propane tanks and regulators at state DTRS sites is complete. Appropriations for this project were received from the Controlled Maintenance Fund.
- Efforts to reach agreement with the City of Greeley to subdivide and develop the CDOT property located at 1420-2nd Street in Greeley are ongoing. The City of Greeley has granted permission to subdivide the property. A contractor has been selected to draft detailed plans for site development. These plans must then be submitted to the City of Greeley for review and approval prior to any site work. Historical information: The PSCN proposes to construct a new tower and regional maintenance shop building on the northwest parcel of the property. This tower hosts DTRS transmitters and is a major microwave relay site and fiber hub for northeast Colorado DTRS site connectivity. This site location also provides fiber connectivity to the State Zone 3 Master Site (Controller) currently located in Fort Collins. CDOT-Region 4 has completed construction and moved to their new facilities west of Greeley. CDOT desires to sell the 1420-2nd Street property and use proceeds from the sale to offset costs of their new facility. PSCN is guiding efforts to advance this project forward, with the assistance and support of the Office of the State Architect (OSA). Project approved by the Capital Development Committee. This is funded through the Long Bill.



300' tower replacement at Reiradon Hill. Completed July 2017.

ADDRESSING STATEWIDE DTRS COVERAGE NEEDS - CURRENT

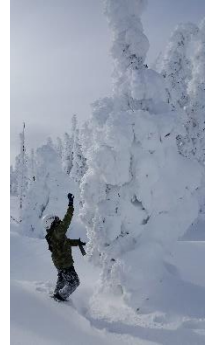
DTRS sites were added in 2016/17 and additional sites have been identified and are in various stages of planning and development in 2017/18 by state and local governments. These sites are filling known DTRS coverage gaps. PSCN teams are currently providing engineering and technical support and working cooperatively with local governments and state agencies on the following expansion and proposed expansion DTRS sites:

- o **Specie Mesa** (San Miguel County) - is a new **State DTRS** site developed cooperatively with the state, San Miguel Emergency Telephone Authority, and San Miguel County public safety agencies. This site is jointly owned and managed by state and local governments. San Miguel County agencies providing the lease, tower and equipment shelter at no cost to the State, and the PSCN provides engineering and technical support, DTRS and microwave equipment, installation and maintenance and a backup power generator at this site. **This site provides global benefit to all DTRS users and provides desperately needed DTRS coverage in Telluride and the surrounding area, including state highways 141 and 145 in the San Miguel Canyon. The site was completed in December, 2016. The site has been on-air, in service and operational beginning December 20, 2016.**
- o **Cinnamon Creek** - (Garfield County) **State site** - this is a new DTRS site added to fill a coverage gap on Glenwood Canyon I-70, Hanging Lake tunnel and surrounding area. **This site provides global benefit to local, state, federal and tribal DTRS users. This site is on-air, in service and fully operational beginning August 31, 2017.**
- o **Walsenburg Air** - (Huerfano County) **State site** - This is a new DTRS site specifically providing DTRS coverage for public safety aircraft and fills a critically identified coverage gap. This site provides DTRS coverage for medevac aircraft, as well as CDPS aircraft used to assist in ground searches. **This site provides global benefit to DTRS agencies utilizing aircraft as an adjunct to their operations. This site is on-air, in service and fully operational beginning August 1, 2017.**
- o **Pueblo Air** - (Pueblo County) - **State site** - This is a new DTRS site specifically providing DTRS coverage for public safety aircraft and fills a critically identified coverage gap. This site provides DTRS coverage for medevac aircraft, as well as CDPS aircraft used to assist in ground searches. **This site provides global benefit to DTRS agencies utilizing aircraft as an adjunct to their operations. This site is on air, in service and fully operational beginning September 7, 2017.**
- o **Toonerville Air** - (Bent County) - **State site** - This is a new DTRS site specifically providing DTRS coverage for public safety aircraft and fills a critically identified coverage gap. This site provides DTRS coverage for medevac aircraft, as well as CDPS aircraft used to assist in ground searches. **This site provides global benefit to DTRS agencies utilizing aircraft as an adjunct to their operations. This site is on air, in service and fully operational beginning March 21, 2017.**
- o **Killpecker Mountain** - (Larimer County) This local government expansion site fills a coverage gap in the higher western area of Larimer County. Site connectivity to the state DTRS through multiple microwave paths to the State Zone 3 Master Site Controller in Fort Collins. **This site provides global benefit to DTRS agencies in western Larimer County. This site has been on-air, in service and fully operational beginning October 25, 2017.**
- o **Hunter Creek** - (Pitkin County) This is a local government developed site to fill a known DTRS coverage gap in the area of Aspen. Site connectivity is achieved through multiple microwave paths to the State Zone 2 Master Site Controller in Grand Junction. **This site provides global benefit to DTRS users in the area of Aspen and along CO HY 82 in Pitkin County. This site is on-air, in service and fully operational beginning August 28, 2017.**

- Xcel Energy Site - (Douglas County) - This is a local government site add to an existing simulcast cell for improved coverage and better utilization of site resources. Site connectivity through multiple microwave paths to the State Zone 1 Master Site Controller in Denver. **This site provides global benefit to all DTRS users in the South Metro area. This site is on-air, in service and fully operational beginning June, 2017.**
- The PSCN remains engaged with Pitkin County in support of complete migration from their existing VHF system to the DTRS as their primary means of public safety communications. **PSCN staff is providing engineering and technical support to assist the county with keeping costs manageable as they expand their network of DTRS sites.**
- Loge (Pitkin Co) - This is a local government site added to fill a known coverage gap and to advance toward full migration of public safety communications to the DTRS in Pitkin County. Site is currently under development.
- **Walden** (Jackson County) - This is a proposed **state site** add to provide desperately needed DTRS coverage in Jackson County. The PSCN has identified a possible location on Jackson County property to erect a tower and equipment shelter. We are currently waiting on approval from the FAA prior to entering the process of leasing the property from Jackson County.
- The PSCN is actively participating in the Southwest All Hazards Region (SWAHR) public safety communications committee meetings. The SWAHR seeks to add a number of DTRS sites across the region to fill known coverage gaps, improve operability, and to enhance interoperability needs in the region. **The PSCN is providing technical and engineering guidance to the committee in an effort to assist the region with advancing their plans to add this badly needed coverage.**
- The PSCN remains available to assist Hinsdale, Archuleta and Mineral Counties to explore the possibility of adding a DTRS tower site in an area of southeast Hinsdale/north central Archuleta/extreme southwest Mineral Counties, known as the Upper Piedra. This area attracts a large number of tourists and sports enthusiasts, especially during hunting and fishing seasons. There is currently very limited access to any communication in the area. The counties seek to add the tower site to bring cellular and internet coverage to the area, as well as the DTRS for public safety first responders. Hinsdale County has applied for a DOLA Planning Grant to assist in early planning and feasibility studies.

HIGH PROFILE SUCCESS

Winter 2016-17 was an extremely challenging season for the PSCN regional teams, especially those with high altitude sites to take care of. In January, a massive and brutal winter storm by the name of 'Winter Storm Jupiter' developed and stalled across the Colorado high country. Depending on geographical location, the storm left in its wake a rare ice storm and incredible snow depths.



Castle Peak 'Ice' Tower

On January 13, 2017 the PSCN Glenwood Springs shop team were dispatched to the state 'Castle Peak' DTRS site in Eagle County to troubleshoot a failure and to restore service. What the team discovered when they reached the site were the tower and microwave dishes completely entombed in layers and layers of thick and heavy ice. Our team of two mustered some unconventional resources to gently vibrate or thump the tower legs in an effort to jar the ice from the tower. Their efforts were rewarded with the tower off-loading some ice, but not to a height required to free the microwave dishes of their ice-cover. The team then stepped up their efforts and fired some concussion shots directly toward the microwave dishes. The concussion from the shots were successful in dislodging the ice from the microwave dishes, clearing the signal and restoring service!



Concussion rounds help offload the ice from the microwave dishes

January 18, 2017 the Hill 71 DTRS site (shown below) owned and managed by Hinsdale County lost power due to solar battery failure resulting in a cascading failure of the backup power generator due to advanced age and overuse. Our Alamosa and Montrose teams supplied man power and Sno-Cat resources in cooperation with Hinsdale County government agencies to assist in the delivery of a semi-truck load of new solar batteries to this site above Lake City. Our teams then provided assistance to the locals with repair of their backup power generator in order to restore service to this mission critical public safety communications site.



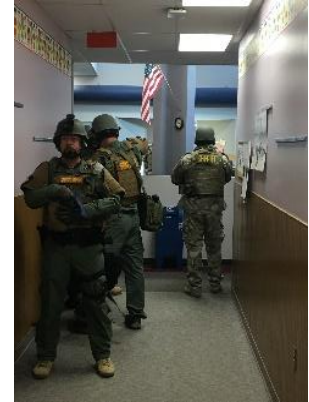
PSCN providing assistance to local government to restore service at Hill 71

August 21, 2017 brought a historic number of visitors and motorists to and through Colorado on a mission to view the Great Solar Eclipse. Careful planning on the part of state and local governments kept the traffic moving safely and with no negative impact to DTRS resources.





The PSCN is proud to provide yet another example of DTRS success and value to public safety. SchoolSAFE Communications is a school campus safety program being deployed in many schools in Colorado and across the nation. This program provides the technology and training to 'bridge' school two-way radio systems to public safety communication systems, primarily the DTRS. This technology provides school authorities with the ability to communicate immediately and directly with public safety first responders while en route to a school emergency. This capability saves time and eliminates delays in relaying critical information between the caller from the school, 9-1-1 call takers, radio operators, and first responders. The result is a more rapid and



prepared response to school emergencies. This program is also utilized as a means for public safety authorities to notify schools immediately and directly of a potential threat to the school that may require a lockdown or evacuation of the school. Participating schools and public safety agencies are encouraged to conduct annual full scale exercises to remain proficient at the use of this technology.



The DTRS is critical to the success of the SchoolSAFE program in protecting our most valuable assets, our children!

The DTRS remains the most reliable and resilient communications system for Colorado first responders statewide. These are only a couple of the more recent examples of the reliability, resiliency and dependency on the DTRS.

Tables below are a historical and ‘running’ tabulation indicating up-to-date replacement of legacy DTRS site (radio) equipment at the state owned DTRS sites since HB14-1203 funding was made available.

H.B. 14-1203 FUNDING ACCOUNTABILITY - DTRS SITE EQUIPMENT REPLACEMENTS

<u>FY 14 SITE REPLACEMENT FUNDING</u>			<u>FY15 SITE REPLACEMENT FUNDING</u>		
Site Name	Area / County	Date completed	Site Name	Area / County	Date completed
Phillips	NE / Phillips	27-August-2015	Bakers Peak	NW / Moffat	29-Oct
Sterling CF	NE / Logan	2-Dec	Vermillion	NW / Moffat	28-Oct
Wray	NE / Yuma	23-Oct	Grouse	NW / Grand	15-Oct
Peetz	NE / Logan	24-Sep	Hayden	NW / Routt	21-Oct
Julesburg	NE / Sedgwick	17-Sep	Rico	SW / Dolores	28-Oct
Yuma	NE / Yuma	2-Oct	Silverton	SW / San Juan	4-Nov
Idalia	NE / Yuma	27-Aug	Coal Bank	SW / San Juan	30-Oct
Buffalo Pass	NW / Jackson	2-Sep	Egnar	SW / San Miguel	6-Nov
Harper Hill	NW / Moffat	19-Aug	Smelter	SW / La Plata	5-Nov
Farwell	NW / Routt	3-Sep	Dolores	SW / Dolores	10-Nov
Grassy	SW / La Plata	11-Nov	Log Hill	SW / Ouray	15-Oct
Abajo Peak	SW / Utah	12-Aug	Sunset Mesa	W / Montrose	18-Nov
La Monte Peak	SW / La Plata	18-Aug	TeePee Park	NW / Rio Blanco	30-Oct
Missionary	SW / La Plata	20-Aug	Sheeps Knob	W / Montrose	14-Oct
Oak Brush Hill	SW / Archuleta	26-Aug	Delta	W / Delta	20-Nov
Sandoval	SW / Archuleta	25-Aug	San Luis	SC / Costilla	27-May-2015
Ute Mtn	SW / Montezuma	19-Aug	Monte Vista	SC / Rio Grande	28-May-2015
King Mtn	NW / Routt	12-Aug	Wolf Creek Pass	SC / Mineral	11-August-2015
Cathedral Bluffs	NW / Rio Blanco	27-Aug	Creede	SC / Mineral	10-August-2015
TV Hill	W / Delta	2-Sep	Methodist	SC / Chaffee	31-Jul-2015
Last Dollar	SW / Telluride	30-Sep	Monarch	SC / Chaffee	30-Jul-2015
Storm King Mtn	W / Montrose	18-Aug	Coaldale	SC / Fremont	10-June-2015
North Mtn	SW / San Miguel	19-Aug	Bald South	SC / Chaffee	29-Jul-2015
W Mtn	SW / Gunnison	14-Aug	Anton	NE / Washington	4-Jun-2015
Coonskin	SW / San Miguel	3-Sep	Last Chance	NE / Washington	11-Mar-2015
Water Dog	W / Montrose	21-Aug			
<u>SITE REPLACEMENTS INCLUDED AS A RESULT OF COST SAVINGS FROM THE SR 7.14 UPGRADE</u>					
Akron	NE / Washington	16-Jul	Haswell	SE / Kiowa	12-Aug
Alamosa	SC / Alamosa	26-Aug	Juniper	NW / Moffat	8-Jul
Auraria	Metro / Denver	16-Oct	Kiowa	Metro / Elbert	15-May
Bethune	SE / Kit Carson	30-Sep	La Veta	S / Huerfano	6-Aug
Blue Ridge	NW / Grand	17-Jul	Mines	Metro / Gilpin	28-Jul
Bowen Marker	S / Las Animas	14-Jul	Pooltable	SC / Rio Grande	19-Aug

Cedar Mtn	NW / Moffat	15-Jul		Punkin Center	SE / Lincoln	24-Jul
Cheyenne Mtn	S / El Paso	2-Jun		Raton Pass	S / Las Animas	18-Jul
Dakota	Metro / Gilpin	7-Aug		Reiradon	NE / Logan	14-Oct
Deer Peak	S / Custer	23-Jun		Saguache	S / Saguache	2-Jul
Ft Morgan	NE / Morgan	14-Aug		San Antonio	S / New Mexico	30-Jun
Fowler	SE / Crowley	25-Jun		Walton Peak	NW / Routt	25-Aug
Greenhorn	S / Pueblo	5-Jun		Wildhorse	NE / Sedgwick	30-Oct
Gunbarrel	Metro / Boulder	25-Nov				
Site Replacement FY15 operating funds				State Expansion Sites FY16		
Prospect Mtn	NE/ Larimer	9-Jun-2015		Colorado Springs	SC / El Paso	13-Aug-2015
				Red Table	NW / Eagle	30-Sept-2015
FY16 SITE REPLACEMENT FUNDING						
Table Mtn	NW / Grand	24-Aug-2017		Buena Vista CF	SC / Chaffee	3-Sep-2015
Buckhorn	NE / Larimer	28-Oct-2015		Poncha Springs	SC / Chaffee	2-Sep-2015
Greeley	NE / Weld	Pending zoning & property decision		Tenderfoot II	SC / Teller	1-Sep-2015
Point of Rocks	NE / Weld	15-Oct-2015		Franktown	NC / Douglas	23-Oct-2015
Betasso	NC / Boulder	26-Oct-2015		DRDC CF	NC / Denver	26-Jan-2016
Mead	NC / Boulder	30-Sep-2015		Lamar	SE / Prowers	26-May-2016
Ajax	NW / Pitkin	10-Aug-2015		Holly	SE / Prowers	25-May-2016
Lake Hill	NW / Summit	13-Oct-2015		Firstview	NE / Cheyenne	1-Jun-2016
Ramah	NC / Elbert	30-Jul-2015		Dakota (+2)	Metro/Gilpin	29-Jun-2016
Boyero	NE / Lincoln	15-Sep-2015		Deer Peak (+2)	SE / Custer	28-Jun-2016
Limon CF	NE / Lincoln	25-Aug-2015		Storm King (+1)	SW / Montrose	22-Jun-2016
Hugo	NE / Lincoln	17-Sep-2015		Monte Vista (+1)	SLV / Rio Grande	20-Jun-2016
FY17 SITE REPLACEMENT FUNDING						
Rose Ridge	SW / Gunnison	31-Aug-2016		Sheridan Lake	SE / Kiowa	9-Feb-2017
Crested Butte	SW / Gunnison	30-Aug-2016		Ft. Lyon	SE / Bent	1-Nov-2016
Whitewater (+1)	W / Mesa	4-Aug-2016		Toonerville	SE / Bent	21-Mar-2017
Sunlight	W / Garfield	11-Aug-2016		Verdemont	S / Custer	1-Mar-2017
Castle Peak (+2)	W / Garfield	9-Aug-2016		Carlton	SE / Prowers	8-Feb-2017
Badger (+3)	SC / Park	5-Oct-2016		Springfield (+1)	SE / Baca	7-Feb-2017
Sacramento (+1)	SC / Park	2-Nov-2016		SITE CHANNEL EXPANSION to improve radio traffic capacity		
Mt. Bailey (+1)	SC / Park	14-Sep-2016		Akron (+1)	NE / Washington	12-Aug-2016
Mr. Carmel	SE / Baca	17-Nov-2016		Abajo (+1)	SW / Utah	24-Aug-2016
Kim	SE / Las Animas	15-Nov-2016		Ute Mtn (+1)	SW / Montezuma	23-Aug-2016
Valley	SE / Otero	3-Nov-2016		Loveland Ski (+1)	NW / Summit	29-Aug-2016
State & State Partnering Expansion Sites FY17				Poncha Spgs (+1)	SC / Chaffee	22-Aug-2016
Comstock	SW / Gunnison	17-Aug-2016		Eldora (+6)	NC / Boulder	12-Oct-2016
Caviness	SW / Montezuma	7-Oct-2016		Greenhorn (+2)	S / Pueblo	2-Dec-2016

Toonerville-aircraft	SE / Bent	21-Mar-2017		Hugo (+1)	SE / Lincoln	4-Oct-2016
				Sheeps Knob (+1)	SW / Montrose	25-Aug-2016
				W Mtn (+1)	SW / Gunnison	26-Aug-2016
FY18 SITE REPLACEMENT FUNDING						
Cordova Pass	SE / Las Animas	10-Aug-2017		SITE CHANNEL EXPANSION to improve radio traffic capacity		
Hill 71	SW / Hinsdale	16-Aug-2017		Mead (+6)	NE / Weld	14-Jul-2017
Arkansas Valley CF	SE / Crowley	8-Aug-2017		Mines (+1)	NW / Grand	17-Jul-2017
Trinidad CF	SE / Las Animas	9-Aug-2017		Gunbarrel (+1)	MET / Boulder	14-Jul-2017
Copper Mtn	NW / Summit	3-Aug-2017		Franktown (+1)	MET / Elbert	25-Aug-2017
Tyrollean	NW / Summit	9-Aug-2017		Fowler (+2)	SE / Crowley	31-Jul-2017
Grand Mesa	NW / Mesa	Pending County		Specie Mesa (+1)	SW / San Miguel	20-Jul-2017
Bald North	NE / Larimer	31-Aug-2017		Tenderfoot II (+1)	SC / Teller	18-Jul-2017
Arapahoe Admin	MET / Arapahoe	Pending County		State Expansion Sites FY18		
Lookout	MET / Jefferson	Pending County		Walsenburg Air	S / Huerfano	1-Aug-2017
Riley Peak	MET / Jefferson	28-Aug-2017		Pueblo Air	S / Pueblo	7-Sep-2017
Smoky Hill	MET / Arapahoe	19-Oct-2017		Cinnamon Creek	NW / Garfield	31-Aug-2017
Denver TX Building	MET / Denver	30-Aug-2017				
Thorodin	MET / Jefferson	5-Oct-2017				
Walsenburg DTRS	S / Huerfano	1-Aug-2017				

It is important to note that PSCN engineering and technical staff provides all services related to DTRS equipment ordering, receipt and inventory, pre-staging, distribution, site preparation and all installation services on these sites. The PSCN has currently provided these services at 149 DTRS sites, with many more site equipment replacements being scheduled annually. Vendor quotes for these services average \$100,000. per site. This equates to the PSCN providing estimated cost savings of \$14.9 million dollars for the Colorado taxpayers, on state owned DTRS sites only. As previously stated, the PSCN assists local governments with similar services where requested in an effort to promote growth of the DTRS and to foster valued partnerships.

FUTURE FUNDING - CURRENT

HB 14-1203 FY19 funding will be directly applied toward continued compliance of the DTRS radios and associated switches, routers and circuit boards at state tower sites. In addition, HB 14-1203 FY19 funding will be applied toward the continued systemwide DTRS software and hardware compliance. The next DTRS software platform upgrade from the current SR 7.16 to SR 7.18 is scheduled to begin in July/August, 2019, with full system software upgrades biennially until the end of FY25.

The additional phases for the replacement of the state microwave backhaul network will be aggressively addressed as each of the five primary infrastructure, or 'back-bone' rings is completed and integrated. When installation of the Metro Ring is complete and operating as required, has been fully tested and accepted, the northeast ring will follow, with the southeast, southwest and north/northwest rings completing the project. We are working closely with local governments, as requested, to offer technical and engineering support to local governments as they consider replacement or upgrade of their links of microwave backhaul in concert with the state replacement project.

Tower replacements will continue with priority given to the oldest and most critically overloaded towers, as State Architect's Controlled Maintenance funding is made available.

CHALLENGES - CURRENT and MOST PRESSING

The desire for additional tower sites to fill critical coverage gaps is ongoing and escalating, especially on the western slope. Mesa County and the southwestern area of the state are currently planning the addition of a number of DTRS sites to fill coverage gaps. The Zone 2 Master Site Controller located in Grand Junction is currently in a non-compliant state, as it has reached maximum port capacity. We are currently unable to accommodate the addition of DTRS sites to expand communications coverage on the western slope until an additional Zone Controller is purchased and integrated into the system. The new Zone Controller will open the opportunity for DTRS growth through site expansion. Additionally, the new Zone Controller will be utilized to off-load some of the sites currently ported to the Zone 2 Controller to more evenly distribute site connectivity. System 'load-sharing' at the Zone Controller minimizes chances of widespread unplanned outages. It is a simple analogy of not 'placing all your eggs in a single basket'. This is especially critical for the safety of the public and the public safety first responders. The PSCN is researching the possibility and feasibility of a building addition at the CSP dispatch center in Montrose to host a new Zone Controller.

The PSCN is facing some crises as a result of CDOT relocating their headquarters at 4201 E. Arkansas Avenue in Denver, and their facilities located at 902 Erie and the CSP dispatch center at 522 East 11th Street in Pueblo. CDOT wishes to sell these properties and use the proceeds to offset the cost of new facilities. The PSCN has a critical presence at each of these locations.

The Arkansas CDOT property hosts a microwave relay tower hosting DTRS antennas, a 15-channel DTRS site, the DTRS Master Zone Controller #1, which serves as the primary 'hub' of the DTRS. We currently have three (3) employees supporting and stationed at this location. We are currently working on a solution that will allow our staff and our equipment to continue work at this site.

The CDOT and CSP properties at 902 Erie and 522 East 11th Street in Pueblo are being moved to a new facility currently under construction in the northwest quadrant of Pueblo. Similar to the Arkansas property, PSCN has assets at this location including a microwave relay tower, fiber hub, and PSCN regional shop. The PSCN has requested permission to purchase the property and all improvements at 902 Erie, and vacate our presence at 522 East 11th Street. Our Southeast Regional Manager and staff will be moved to the facility being vacated by CDOT at 902 Erie. PSCN plans are to construct a garage on the 902 Erie property to provide our shop with a bay for state agency vehicle installs, maintenance and repairs.

Private property tower lease and easement costs continue to escalate at an alarming rate. The PSCN administrative staff works tirelessly with our private property landowners to negotiate the best and lowest possible lease costs. Unfortunately, landowners are becoming increasingly unbending in their demands for lease costs. The PSCN anticipates a need to seek high level guidance in developing and deploying a formula for tower leases that would be considered fair and equitable to our landowners and to our taxpayers.

A high profile example of what we consider to be an unreasonable lease cost is for one of our most critical tower sites in El Paso County. The landowners are keenly aware of the criticality of the state DTRS site located on their property. They have arrived at a formula to assess lease costs to the state, not based on the property, but based on the number of FCC frequency licenses the state is issued at the site. Because this site provides DTRS coverage along the I-25 corridor through the Colorado Springs area, the site contains a significant number of transmitters providing public safety agencies with uninterrupted and reliable radio communications. The current 'lease' costs for this site are in excess of \$7,000 monthly and escalate annually for the term of the lease, at which time the monthly 'lease' fees will exceed \$9,000 monthly. Similar site leases held by the state for a site of this size average a cost of \$500 monthly. The PSCN has exhausted every possibility in relocating the site. However, due to the expansive coverage needed on one of the busiest stretches of I-25 and the lack of availability of other property in the area, we are unfortunately 'tied' to this site. We foresee the need for assistance in the form of a legislated formula that defines a fair and equitable solution.

CONCLUSIONS

The PSCN team takes great pride in offering this annual report as ongoing evidence of our unwavering commitment, dedication, motivation, and capability to support, maintain, plan and execute growth of the statewide public safety communications systems.

Funding initiatives and appropriations in support of public safety communications systems has been consistently focused on desperately needed upgrades and improvements of our state radio systems. Our PSCN teams have proven they are up to the task of aggressive installation and deployment of all equipment replacements and software upgrades for improved system coverage and reliability.

In addition to the technical and operational sustainability of these systems, PSCN team members remain actively engaged in a number of public safety communications organizations, users groups, committees and sub-committees. Among those organizations and committees is the Homeland Security Advisory Council (HSAC), the Public Safety Communications Sub-committee of the HSAC (created through SB 14-127), the Consolidated Communications Network of Colorado, Inc (CCNC), the Rocky Mountain Harris Users Group (RMHUG) and various other groups. Actively participating in these committees and organizations aids us in keeping our 'finger on the pulse' of our state public safety communications needs, as well as the local government issues surrounding needs for improved coverage.



APPENDIX F

ECONOMIC DEVELOPMENT FILM INCENTIVES

The Office of Film, Television, and Media is legislatively tasked with promoting Colorado as a location for making feature films, television shows, television commercials, still photography, music videos, and emerging mass media projects. The benefit of using Colorado as a location for such endeavors is cited by the Office to be job creation, increased tax revenue collection, and tourism promotion.

To accomplish its legislatively-mandated goal, the Office provides performance-based financial incentives to companies for a percentage of their local expenditures for approved productions if they meet the 50.0 percent local hire requirement. The unit also offers a gap loan program to provide up to 20 percent of a production's costs in the form of a low-interest bank loan that is guaranteed by the State.

Colorado-based production companies must have qualified local expenditures of at least \$100,000 to be eligible for incentives. An out-of-state production company must have at least \$1.0 million in qualified local expenditures to be eligible for incentives. Television commercials and video game productions are unique in that they must have qualified local expenditures of \$250,000 to be eligible for incentives.

The following table summarizes all of the completed and in production projects authorized by the Office from FY 2012-13 through FY 2017-18.

FILM INCENTIVES BY PROJECT						
PROJECT TITLE	PROJECT TYPE	PROJECT STATUS	FY	INCENTIVE AMOUNT	CREW/CAST HIRES	COLORADO SPEND
Project Gondola	Television	In Production	2018	\$57,041	33	285,205
Project Pigskin	Television	In Production	2018	250,276	47	1,251,380
Project Mermaid	Video Game	In Production	2018	450,000	60	2,250,000
The Lifted Life	Television	In Production	2018	63,600	19	318,000
Denver Water Documentary (working title)	Documentary	In Production	2017	20,000	9	182,000
SEARious Meats	Television	In Production	2017	37,551	33	187,759
Xfinity Latino Weekly Entertainment Series (yr 2)	Television	In Production	2017	70,000	19	1,036,000
Top Chef	Television	In Production	2017	1,000,000	83	5,009,550
Power of Place	Documentary	In Production	2017	82,080	8	410,400
Freak Power	Feature Film	In Production	2017	300,000	173	1,858,601
Colorado Classic	Television	In Production	2017	86,000	40	430,000
Life Tectonic	Documentary	In Production	2016	154,122	12	770,610
Idol Story 1 (working title)	Video Game	Paid	2017	250,000	33	1,559,697
Our Souls at Night	Feature Film	Paid	2017	1,500,000	200	17,945,480
Shooting in Vein	Feature Film	Paid	2017	34,076	43	298,375
The Lifted Life	Television	Paid	2017	39,282	35	196,411
God With Us	Special Feature	Paid	2016	40,103	39	200,516
Gnaw	Feature Film	Paid	2016	81,180	41	405,901
UC Health	Commercial	Paid	2016	51,518	32	257,592
Xfinity Latino Weekly Entertainment Series (yr 1)	Television	Paid	2016	195,000	28	981,424
Walden	Feature Film	Paid	2016	210,000	60	1,057,960
Amateur	Feature Film	Paid	2016	322,443	82	1,612,215
Kia	Commercial	Paid	2016	63,194	43	315,972
Forging the West/Colorado Fuel & Iron	Documentary	Paid	2016	39,240	7	204,289
Coors	Commercial	Paid	2016	51,476	63	257,378
Hoax	Feature Film	Paid	2016	160,000	58	845,087

FILM INCENTIVES BY PROJECT						
PROJECT TITLE	PROJECT TYPE	PROJECT STATUS	FY	INCENTIVE AMOUNT	CREW/CAST HIRES	COLORADO SPEND
The Joey Canon Show	Television	Paid	2016	75,061	20	375,305
Toyota Rav 4 "Spartan Race"	Commercial	Paid	2016	111,662	94	558,308
Casting JonBenet	Feature Film	Paid	2016	50,000	58	255,041
The Holly	Documentary	Paid	2015	20,817	19	104,083
78/52	Documentary	Paid	2015	40,036	4	200,179
Standing in the Gap	Television	Paid	2015	24,937	55	124,688
Max Lucado: Traveling Light	Television	Paid	2015	29,138	23	145,690
Star Raiders	Feature Film	Paid	2015	40,918	38	204,590
Heart of the World: Colorado's National Parks	Documentary	Paid	2015	75,383	5	376,917
Prospectors, Season 4	Television	Paid	2015	250,000	29	2,844,585
Star Citizen	Video Game	Paid	2015	763,953	32	3,849,170
Ultimate Sportsman's Lodge - Colorado	Television	Paid	2015	156,565	35	782,828
Coors	Commercial	Paid	2015	56,968	55	284,844
The Hateful Eight	Feature Film	Paid	2015	5,000,000	189	29,947,364
Play Along!	Educational Series	Paid	2015	148,000	78	750,134
2015 Alpine World Championships, Podium 360	Television	Paid	2015	27,238	17	136,188
Verizon/Samsung 1 Day	Commercial	Paid	2015	20,852	31	104,259
Moneygram	Commercial	Paid	2015	20,134	29	115,957
Christmastime/Heaven Sent	Feature Film	Paid	2015	516,551	78	2,582,755
The Great Divide	Documentary	Paid	2014	70,049	10	370,280
Cop Car	Feature Film	Paid	2014	82,000	34	455,276
Being Evel	Documentary	Paid	2014	94,270	23	472,490
Hondros	Documentary	Paid	2014	47,599	2	237,996
Colorado Inside Out	Web Series	Paid	2014	22,124	13	110,619
Prospectors, Season 3	Television	Paid	2014	546,587	53	2,970,000
Coors	Commercial	Paid	2014	66,893	52	334,465
Colorado Experience, Season 2	Television	Paid	2014	20,665	6	103,325
Hyundai Running Footage	Commercial	Paid	2014	101,197	65	505,983
Furious 7	Feature Film	Paid	2014	700,000	61	12,978,028
Countdown to Sochi, Podium 360, Rugby Rising	Television	Paid	2014	99,729	62	498,643
Pawn in the Game, Catch & Release	Television	Paid	2013	452,214	53	3,039,128
Dear Eleanor	Feature Film	Paid	2013	395,117	240	1,975,583
The Frame	Feature Film	Paid	2013	63,816	38	319,082
Relocation Agreement	Television	Paid	2013	307,241	42	5,965,000
Coors	Commercial	Paid	2013	67,501	95	374,223
Clean Guys of Comedy	Special Feature	Paid	2013	28,039	8	140,198
Prospectors, Season 1	Television	Paid	2013	345,119	63	1,725,597
Colorado Experience, Season 1	Television	Paid	2013	53,702	72	268,512
Total				\$16,600,257	3,181	\$116,715,115

APPENDIX G

HRWORKS / HRIS LETTER TO THE JOINT TECHNOLOGY COMMITTEE

The Governor's Office of Information Technology and the Department of Personnel and Administration provided the following letter to the Joint Technology Committee on November 6, 2017 asking the Joint Technology Committee to continue discussions on the HRWorks emergency supplemental request. The Joint Technology Committee previously rejected this request.



COLORADO

Secretary of Technology &
Chief Information Officer

Governor's Office of Information Technology



Suma Nallapati
601 East 18th Avenue, Suite 130
Denver, CO 80203

November 6, 2017

Senator Beth Martinez Humenik, Chair
Joint Technology Committee

Dear Honorable Senator Beth Martinez Humenik:

We write to provide you an update on the HRWorks implementation. As a reminder, the Office of Information Technology, in partnership with the Department of Personnel & Administration, seeks a total of \$10,302,789 (FY18 Emergency Supplemental of \$2,888,529 and anticipated FY19 Capital Construction Request of \$7,414,260) to support the implementation of the Human Resource Information System (HRIS) now known as HRWorks. These requests together allow the state to maintain the HRWorks timeline and save the state cost after implementation. The cost savings are attributed to a new time and leave solution, which has up-front implementation costs but significantly lower annual maintenance and hosting costs.

Kronos Numbers - Since the October 8, 2017 Joint Technology Committee hearing, we have spent time engaging with Kronos to better understand its testimony. As you may recall, Kronos testified to that it "offered to do labor in changing the Kronos solution at absolutely no [additional] cost to the state." ***Kronos later clarified this statement to mean that there would be no additional costs to the state beyond its current contract with Kronos.***

Kronos also testified that the costs for maintenance, support, and hosting of the statewide time and leave solution would be \$936,000 annually. In recent communications, Kronos indicated that this applied to a scaled down version of Kronos that lacked necessary functionality and would need to be purchased through another vendor with its own implementation and hosting costs. Most notably, the scaled down version excluded the activities module, which is essential to running labor allocation, a critical need of the state. Kronos' maintenance, support and hosting costs for the options discussed with the Joint Budget Committee and Joint Technology Committee were \$1.3M¹.

The decision to proceed with the CGI time and leave module, even assuming the costs as testified by Kronos, still saves the state money. Kronos acknowledged this in its testimony. See chart below for breakdown:

¹According to Kronos, the scaled down version did not include 11 modules was implementing for the state: Attestation, Activities, Enterprise Archive, Mobile EE, Mobile Manager, Tablet, InTouch Terminals (Clocks), Technical Account Manager, KnowledgePass, Telestaff, and Advanced Scheduler. The scaled down version included only Workforce Timekeeper, Employee, Manager, Workforce Absence Manager, and Workforce Integration Manager.



Costs for Time and Leave Solution (not including costs for missing modules)			
	Costs Based on Kronos' Testimony	Costs Based on Proposed Solution	Savings to the State
Implementation Costs	\$2.5M = \$0 (Kronos) + \$2.5M (CGI)	\$7.0M (CGI)	(\$4,500,000)
Annual Maintenance, Hosting and Support	\$936,747	\$118,803	\$817,944
10 Years of Maintenance, Hosting and Support	\$9,367,470	\$1,188,030	\$8,179,444
Total Implementation and 10 years of Maintenance, Hosting and Support	\$11,860,000	\$8,188,030	\$3,179,440

It is important to note that the above analysis for the costs associated with Kronos' testimony does not include implementation as well as ongoing hosting, maintenance and support for the missing modules from the scaled down version of Kronos.

Project Status - OIT and DPA have continued the HRWorks implementation with the understanding that the JTC was willing to continue discussion about the emergency funding request. Additionally, continuing with the implementation will allow the team to meet the October 2018 go-live date and avoid incurring delay costs of \$1.4M/month. It is not possible to pause the implementation and successfully meet this deadline. Amounts obtained through the existing FY15 appropriation for the Human Resource Information System are being used to support this effort. As a result, there are insufficient resources to continue the implementation past March 2018. At that time, implementation costs will total \$31.3 million.

Thus the need for the FY18 Emergency Supplemental (and, later, the Capital Construction Request). Without the FY18 Emergency Supplemental, the HRWorks project will need to be stopped no later than March 2018. Because of the integrated nature of the system, it is difficult to de-scope the project and bring significant improvements to the state.

Consequences of Not Funding - If the project is not funded, departments will continue present practices and systems for HR, timekeeping, and payroll. This approach exposes the state to greater risk of not paying its employees accurately and timely. It also increases the risk that the state will miss federal reporting requirements.



The state will continue using Colorado Personnel Payroll System (CPPS), a highly customized, COBOL-based program based on a 1970s design. There are, on average, two CPPS outages a month (10% of working days) and the system “slows down” repeatedly which impacts payroll processing. It is difficult to find capable COBOL programmers to support the system. The precarious reliability of CPPS puts paying the state’s 33,000 employees at risk. If CPPS fails, the state will not be able to pay employees and will be in violation of the Fair Labor Standards Act.

The downstream impact of the current fragmented and manual approach is that the monthly close occurs on the third Friday each month and the state just meets its federal reporting requirements. Any delay in the process flow from timekeeping to payroll to labor allocation to the financial system could result in missed reporting deadlines. If the state misses these deadlines, the State puts at risk reimbursement and continued grant funding from the federal government of more than \$10 billion annually.

Our Request - OIT and DPA respectfully request a meeting with the Joint Technology Committee to continue discussions on the HRWorks emergency supplemental request and the ability to save the state money, reduce risk and increase functionality. Changing the time and leave solution was a difficult decision, but it is our fiscal responsibility to look for cost savings and bring the request to the Joint Budget Committee and Joint Technology Committee. The consequences of stopping the HRWorks project are too great for the state, taxpayers, and employees.

Respectfully,



Suma Nallapati
Secretary of Technology & CIO
Governor’s Office of Information Technology



June Taylor
Executive Director
Dept. of Personnel & Administration

cc: Dan Pabon
Jonathan Singer
Jack Tate
Dan Thurlow
Angela Williams





JBC Staff FY 2018-19 Briefing Office of the Governor

**Presented by:
Kevin Neimond, JBC Staff
November 16, 2017**

Office of the Governor

Office of the Governor
(division)

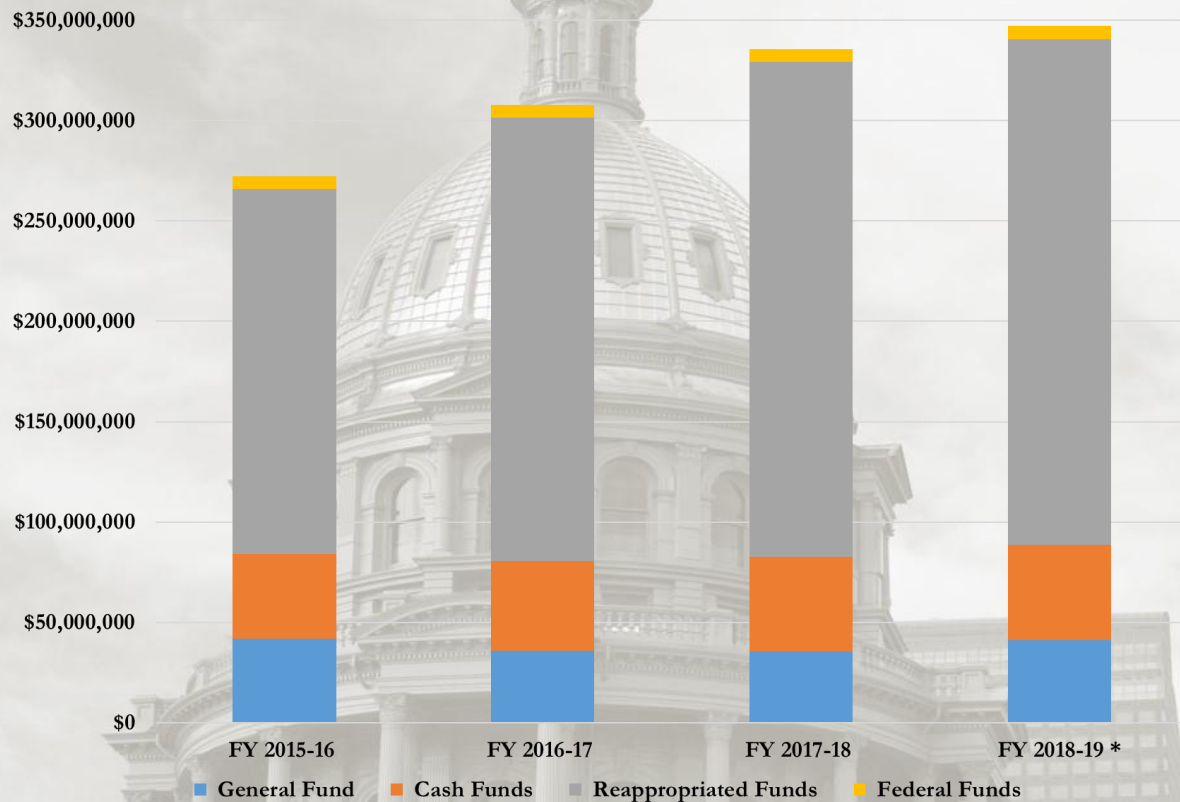
Office of the Lt. Governor

Office of State Planning
and Budgeting

Office of
Economic Development
and International Trade

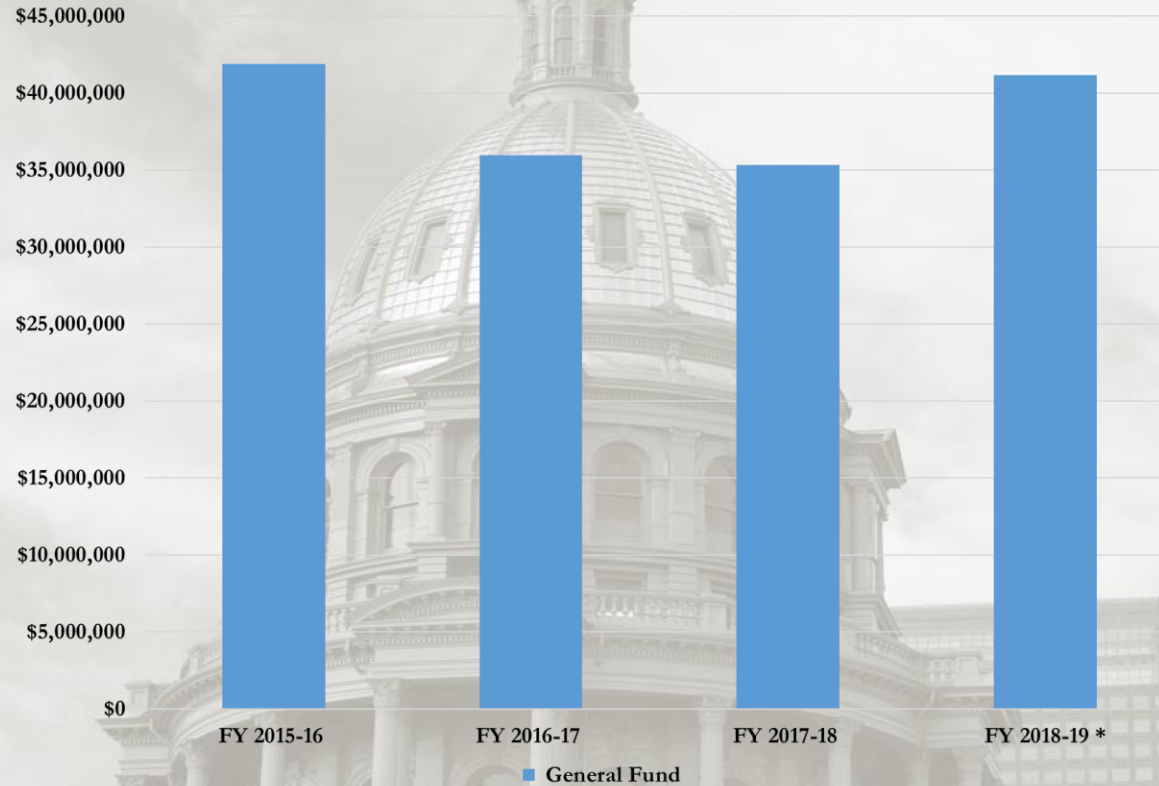
Governor's Office of
Information Technology

Recent Appropriations – All Funds



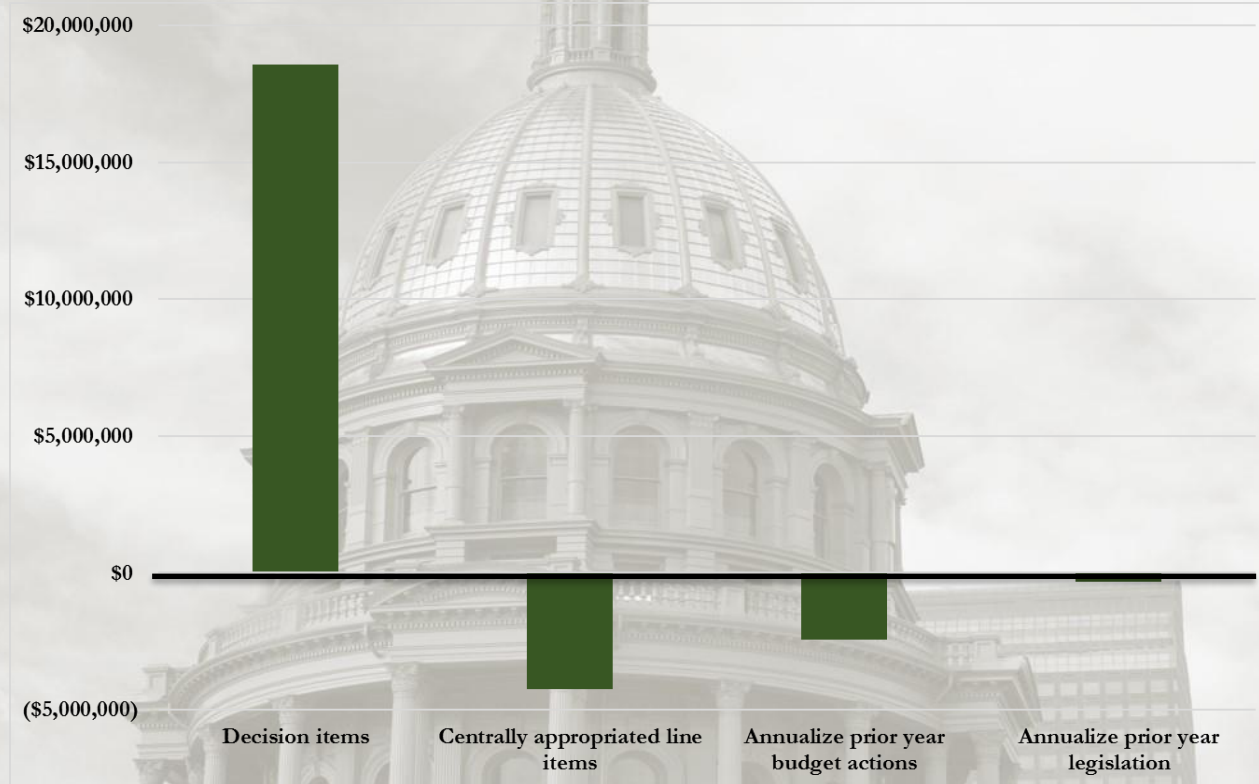
*Represents requested appropriation.

Recent Appropriations – General Fund

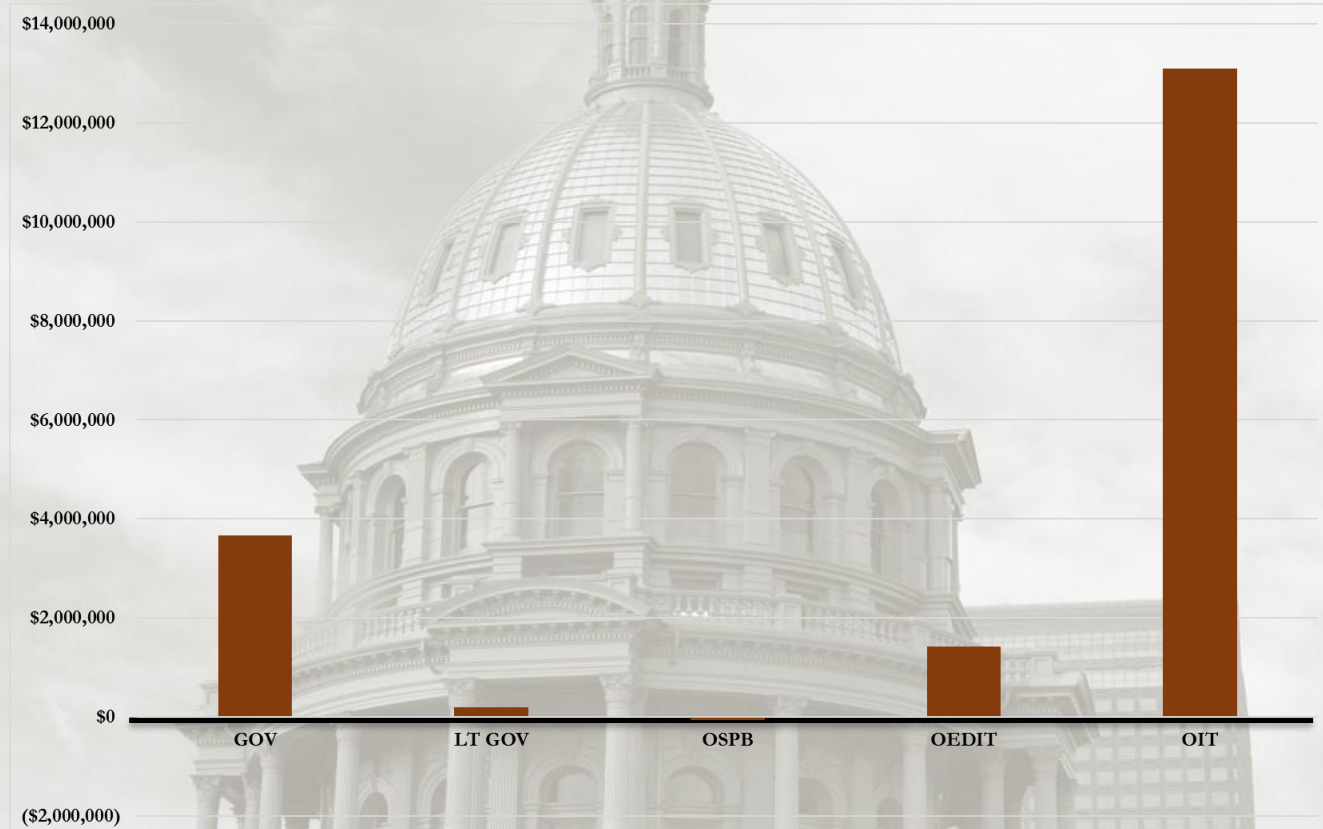


*Represents requested appropriation.

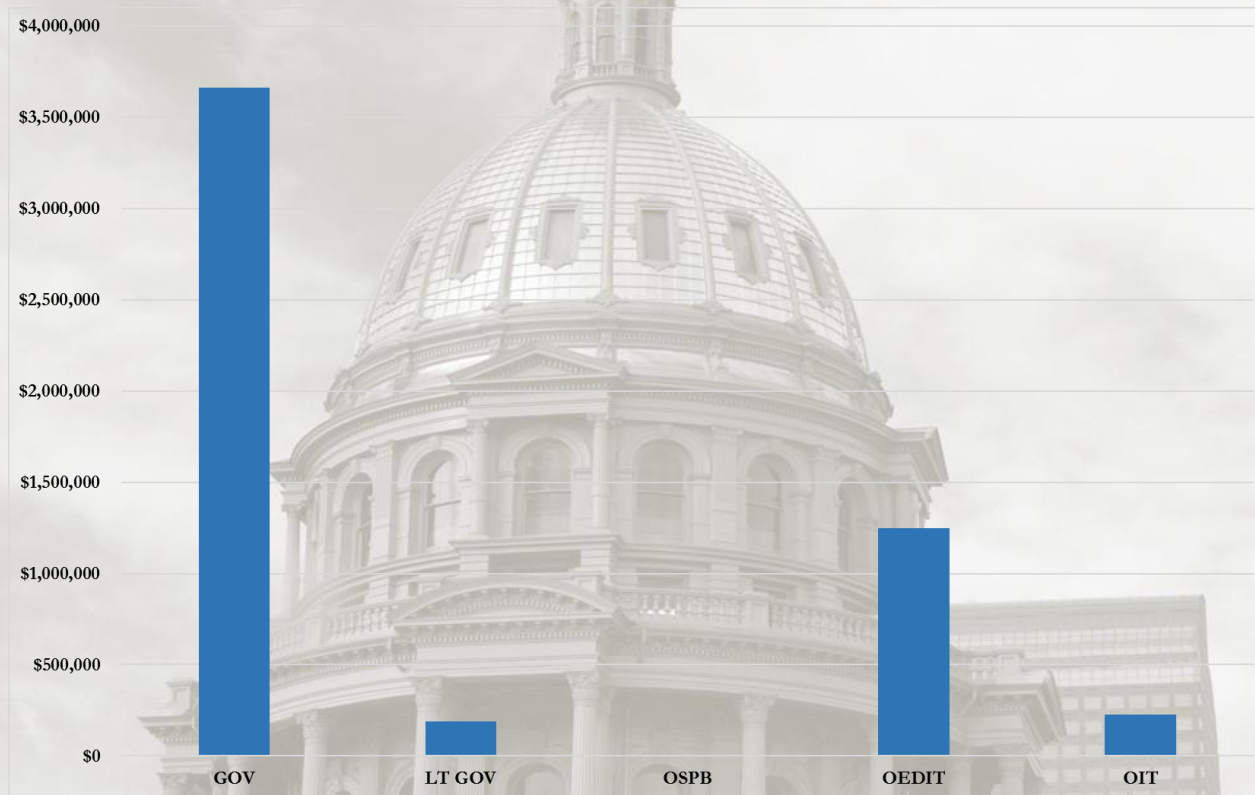
FY 2018-19 Requested Changes by Category



FY 2018-19 Decision Items by Agency – Total Funds



FY 2018-19 Decision Items by Agency – General Fund



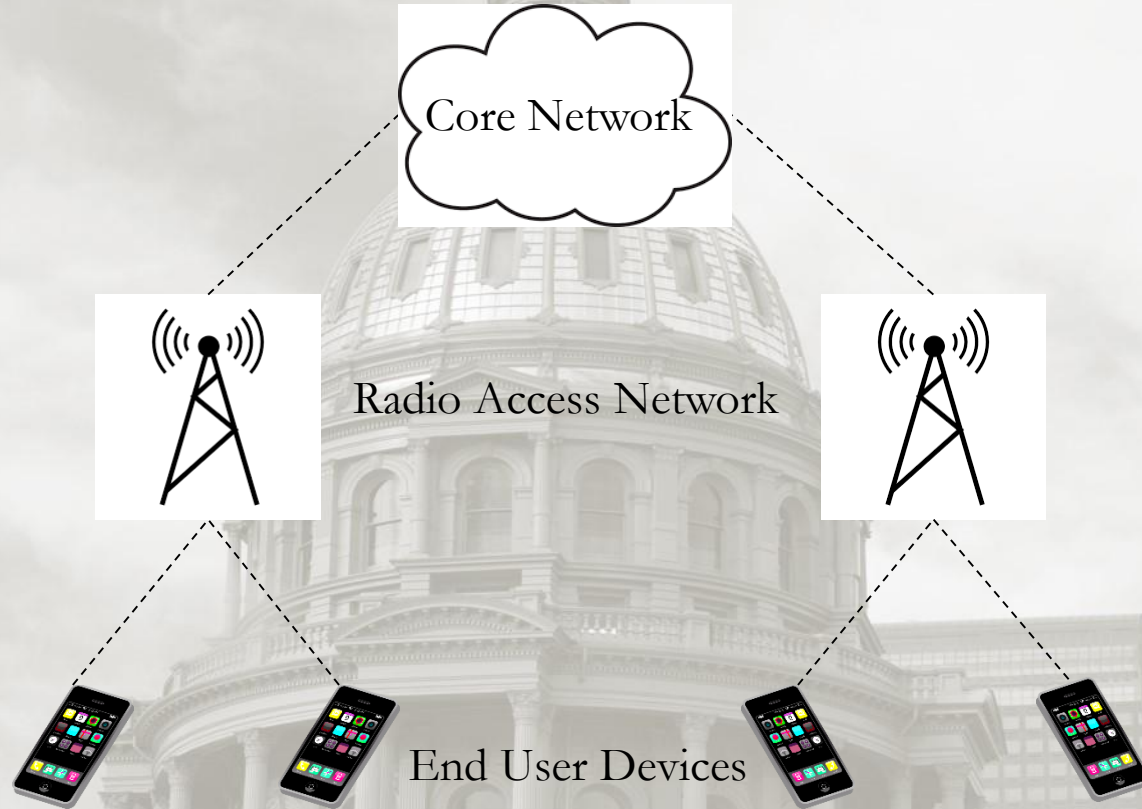
Issue: The FirstNet Decision



FirstNetTM

Recommendation: Staff recommends that the Joint Budget Committee send a letter to Governor Hickenlooper urging him to “opt in” to the FirstNet/AT&T network based on the fiscal uncertainties associated with the state and/or its vendor assuming the responsibility of building, maintaining, and operating its own radio access network.

Issue: The FirstNet Decision



Issue: Public Safety Radio Coverage Gaps



Recommendation: Staff recommends that the Joint Budget Committee sponsor legislation allowing General Fund transferred into the Public Safety Communications Trust Fund to be used for new zone controller infrastructure on the western slope. Additionally, staff recommends that the Committee appropriate funds to OIT to address critical DTRS coverage gaps that exist on the western slope and in other, often rural, areas of the state.

Issue: Public Safety Radio Coverage Gaps

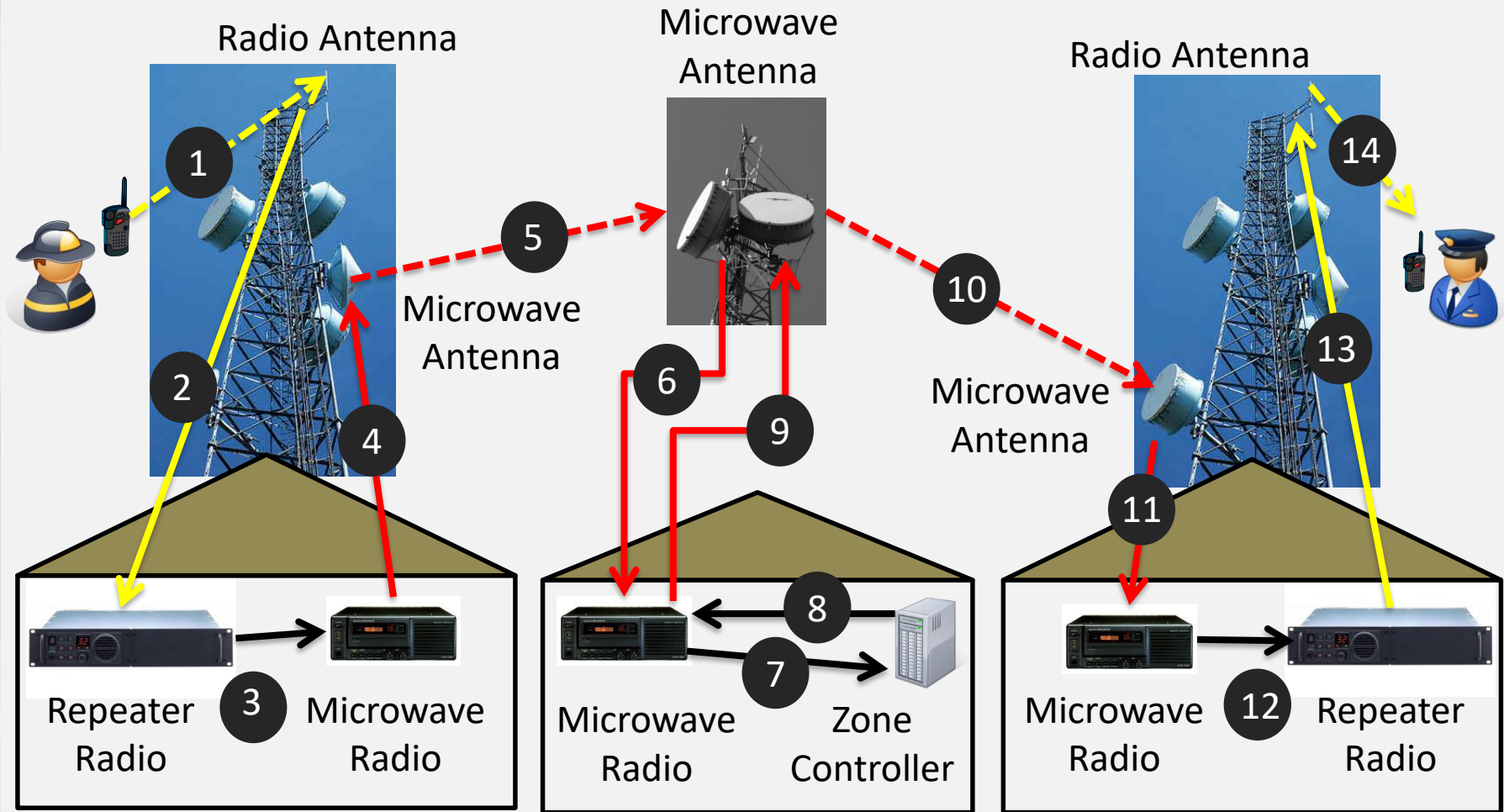
Staff Recommended Legislation

Part 1

Allow for existing money in a cash fund to be used to add a zone controller (“brain”) at the Montrose State Patrol Dispatch Center.

Part 2

Transfer \$2 million General Fund into a cash fund in two consecutive years to provide money for OIT to work with its partners to add radio tower sites to begin addressing coverage issues.



Issue: Capital Construction Information Technology Projects Funding Requests



Informational Issue



JBC Staff FY 2018-19 Briefing Office of the Governor

**Presented by:
Kevin Neimond, JBC Staff
November 16, 2017**